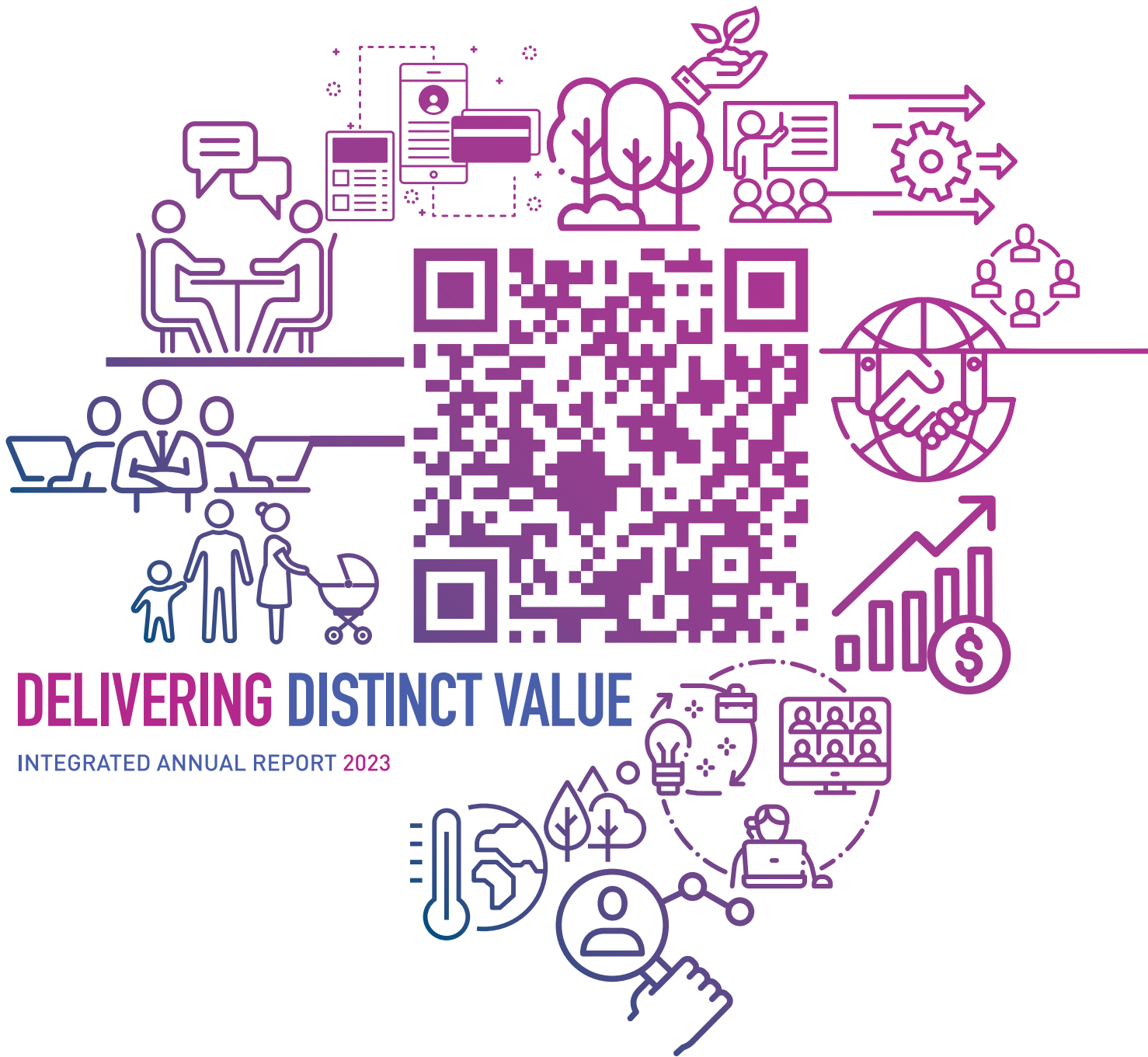




AEON CREDIT SERVICE (M) BERHAD



DELIVERING DISTINCT VALUE

INTEGRATED ANNUAL REPORT 2023



DELIVERING DISTINCT VALUE

A strong digital cover with icons and the QR code taking centrestage to depict the dynamic progress AEON Credit ("the Group") has made on various fronts. The icons illustrate the latest capabilities and focus of the Group. A corporate look and feel is maintained with the use of the corporate colour.

Scan this QR code to view the Integrated Annual Report online



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- 6 About AEON Credit Service (M) Berhad
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- 9 AEON Human Resource Principles
- 10 Corporate Milestones
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ABOUT THIS REPORT

This is AEON Credit Service (M) Berhad's ("AEON Credit" or "the Group") Integrated Annual Report ("IAR"). This Report adheres to the principles of Integrated Reporting ("<IR>") as established by the International Integrated Reporting Council ("IIRC"), as well as Malaysia's reporting requirements, including the Malaysian Code on Corporate Governance and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In addition, we continue to strive towards Global Reporting Initiative Standards benchmarks on sustainability reporting.

Going forward, we will stay guided by the evolving reporting requirements to achieve a more coherent corporate reporting system in tandem with global reporting standards. By continuously enhancing our reporting disclosures, we seek 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 2022 to 28 February 2023 ("FYE2023") 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.



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 51.



For more information on the Group's Material Sustainability Matters, please turn to pages 58 to 59.



ASSURANCE

Our financial statements are aligned towards the Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 2016. These 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 matters 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

LET US HEAR FROM YOU

In serving our stakeholders better, we are committed to continuous improvements on our disclosures and reporting areas through feedback and comments from our stakeholders.

Please address any questions, comments, or suggestions to ir_info@aeoncredit.com.my

The Six Capitals, as identified by the IIRC, have served as essential guide to help us achieve 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 businesses.

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 are 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.

OUR STAKEHOLDERS



Customers



Merchants & Business Partners



Government & Regulators



Suppliers



Shareholders & Investors



Local Communities/NGOs



Employees



Media

MATERIAL SUSTAINABILITY MATTERS



Financial Performance



Employee Health, Safety and Well-being



Excellent Customer Experience, Support & Access



Business Innovation, Responsible Marketing, Product & Service Design



Data Security, IT Infrastructure & Digital Transformation



Employee Benefits, Employee Engagement Programmes



Excellent Ethics, Governance, Risk & Compliance



Strategic Community Investment



Environment Management



Transparency in Procurement Process



WHO WE ARE

01



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- 8 The AEON Approach
- 9 AEON Human Resource Principles
- 10 Corporate Milestones
- 12 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

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

REGISTRAR

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

AUDITORS

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
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

AEON Insurance Brokers (M) Sdn. Bhd.
(formerly known as 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 9688
Website : www.aeoninsurance.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

26 May 2022

Notice of 25th Annual
General Meeting

29 June 2022

25th Annual General
Meeting

4 July 2022

Unaudited results for
1st quarter ended
31 May 2022

29 September 2022

Unaudited results for
2nd quarter ended
31 August 2022

17 October 2022
Book Closure

3 November 2022
Payment

Payment of Dividend
(Interim)

21 December 2022

Unaudited results for
3rd quarter ended
30 November 2022

11 April 2023

Unaudited results for
4th quarter ended
28 February 2023

5 July 2023
Book Closure

20 July 2023
Payment

Payment of Dividend
(Final)

ABOUT AEON CREDIT SERVICE (M) BERHAD

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

Our Purpose

Our purpose is to bring "finance" closer to everyone. By committing to each and every person, we brighten up everyday lives with peace of mind and smiles

5.2 million

AEON Member Plus,
AEON Express Members
& Credit Cardholders

>8,100

Merchant Outlets
Nationwide

>3,000

Employees

64

Branches & Service Centres

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, AEON Insurance Brokers (M) Sdn. Bhd. (formerly known as 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, provision of AEON Wallet app, Easy Payment schemes, Hire Purchase Financing for Motor Vehicles, Personal Financing schemes, insurance brokerage 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 8,100 participating merchant outlets nationwide, as well as a subsidiary company in Kuala Lumpur.

PRODUCTS AND SERVICES



SETTLEMENT BUSINESS

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



PRODUCT FINANCING

- Motorcycle Financing
- Auto Financing
- Objective Financing



PERSONAL FINANCING



INSURANCE BROKER (AEON Insurance Brokers)



SME FINANCING

CORPORATE STRUCTURE

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 an integrated holding company that comprises 8 businesses in 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.



AEON CREDIT SERVICE (M) BERHAD

Registration No. 199601040414 (412767-V)

Date of Incorporation

6 December 1996

Principal Activities

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.

100%



AEON INSURANCE BROKERS (M) SDN. BHD.

(formerly known as Insurepro Sdn. Bhd.)
Registration No. 198201005186 (84938-X)

Date of Acquisition

30 September 2021

Principal Activities

Insurance broker

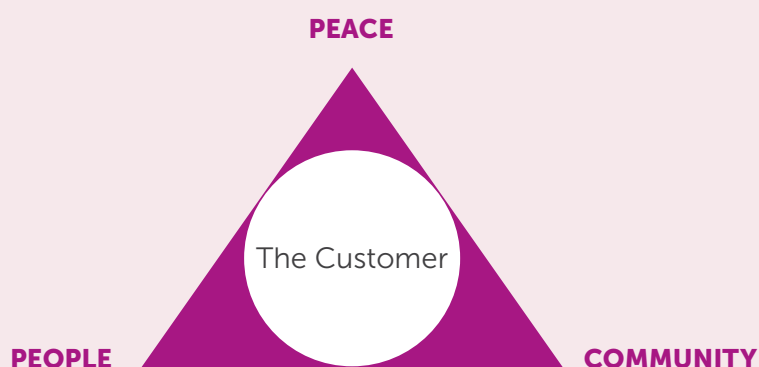
THE AEON APPROACH

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.

The philosophy is to support customers' lifestyles and enable each individual to maximise future opportunities through effective use of credit. Our basic policies are to put customers first, provide financial services that are closely attuned to customers' lives, earn the trust of society and meet its expectations, and maintain a corporate culture that encourages our people to excel. We are committed to our mission of truly contributing to our customers' lives through financial 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

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

CORPORATE PHILOSOPHY

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

AEON'S CORPORATE COMMITMENT

- AEON creates a future of limitless promise – an AEON – by transforming daily life with our open, dynamic approach

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 everlasting 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 customers' 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.



FAIRNESS

In evaluating and giving feedback



RESPECT

Each other's opinions and suggestions



OPENNESS TO CHANGE

Willing to take constructive feedback in order to improve



RATIONALITY

Being reasonable on each other's expectations



ABILITY DEVELOPMENT

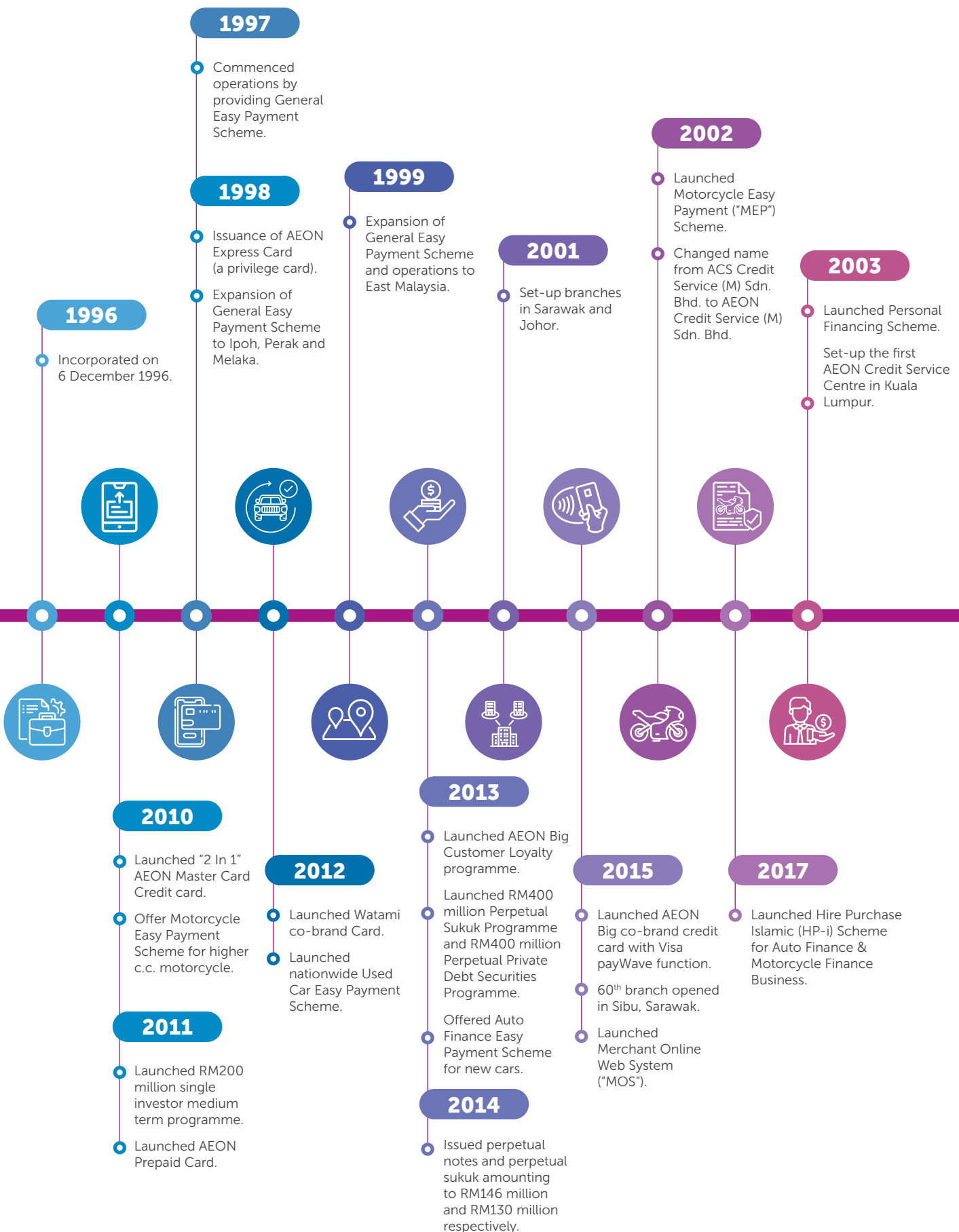
Take ownership of the career path and develop it to achieve the desired goals

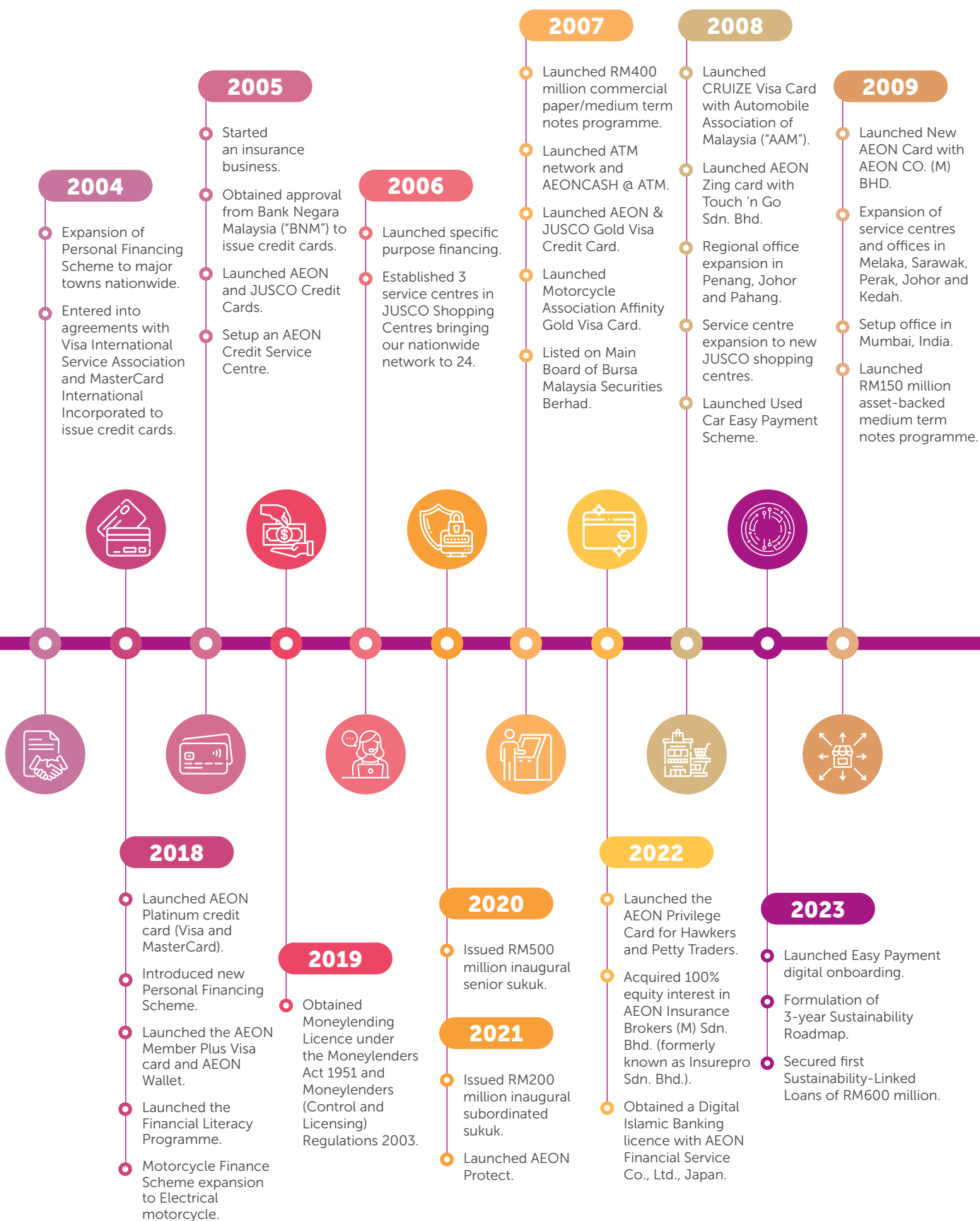
Managing with respect

Making the most of what employees have to offer by listening to employees' aspirations and understanding employees' feelings

Ensuring work-life-balance at work, home and community

CORPORATE MILESTONES





AEON CREDIT BRANCH/ COUNTER NETWORK/E-MONEY KIOSK

AEON CREDIT DIRECT SALES COUNTERS (as at 30 April 2023)

Central Region

AEON Taman Maluri
AEON Mid Valley
AEON Cheras Selatan
AEON IOI City Mall, Putrajaya

Northern Region

AEON Queensbay
AEON Kinta City
AEON Ipoh Station 18

Southern Region

AEON Tebrau City
AEON Bukit Indah
AEON Bandaraya Melaka

AEON CREDIT BRANCH/COUNTER NETWORK/CASH DEPOSIT MACHINE

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
Japan Club Kuala Lumpur

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

AEON E-MONEY KIOSK

Southern Region

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

Northern Region

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

Central Region

AEON Big Ampang
AEON Big 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 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

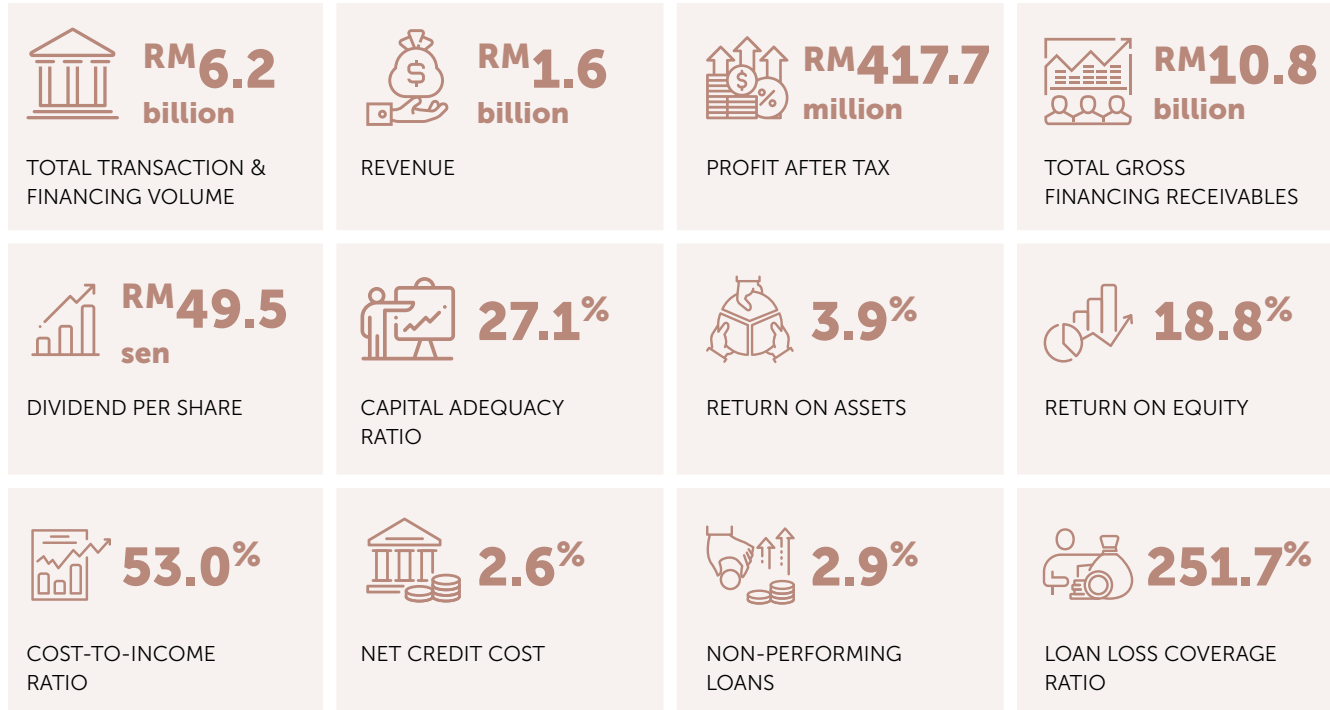
AEON Mall Kuching



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

FYE2023 KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS



BUSINESS HIGHLIGHTS

STRATEGIC GROWTH

We develop sound strategies and business plans in order to best meet customers' needs.

- Strategic marketing activities and collaboration campaigns
- Expand acquisition channel via cross selling, direct sales team set up and embedded financial application in AEON Wallet and AEON retail app

MEMBER EXPANSION VIA DIGITAL SOLUTIONS

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

- Completion of digital onboarding process for easy payment financing
- Revamped AEON Wallet app for improved user experience

ENHANCED CUSTOMER CENTRICITY

We consistently place a strong emphasis on a two-way relationship with our customers and enhance the digital touchpoints to improve customer experience.

- Utilised Net Promoter Score to measure customer satisfaction on our services
- Implemented WoW Excellence Programme and Power of One Series of Customer Service Programmes

IMPROVED WORKING ENVIRONMENT AND CULTURE

We continuously upskill our employees to boost competency and productivity.

- Implemented succession planning programme to develop and groom young talent for transition into leadership roles
- Invested over RM2.63 million in employees training and development programmes

SUSTAINABILITY HIGHLIGHTS

TOTAL CSR INVESTMENT

RM1.28 million



AEON CREDIT VOLUNTEERS

1,573



TOTAL NO OF COMMUNITY MEMBERS REACHED

6,519



DEVELOPED A SUSTAINABILITY FRAMEWORK AND

3-YEAR

SUSTAINABILITY ROADMAP



SECURED

RM600 million

SUSTAINABILITY-LINKED LOANS



AWARDS & RECOGNITIONS

- 2021 ASEAN CORPORATE GOVERNANCE SCORECARD AWARD**
ASEAN Asset Class PLCs (Malaysia)
Recognised by: Minority Shareholders Watch Group
- THE EDGE ESG AWARDS 2022**
Most Consistent Performer over Five Years (Silver)
Awarded by: The Edge
- MARKETING EXCELLENCE AWARDS 2022 MALAYSIA**
Excellence in Programmatic Marketing (Silver) under Personal Financing and Credit Card Acquisition Campaign
Awarded by: Marketing-Interactive

- MSWG-ASEAN CORPORATE GOVERNANCE AWARD 2021**
Top 100 Companies for CG Disclosure 2021
Recognised by: Minority Shareholders Watch Group
- ASIAMONEY AWARDS 2022**
Most Outstanding Company in Malaysia – Financials Sector in Asia's Outstanding Companies Poll
Awarded by: Asiamoney
- SUSTAINALYTICS ESG RISK RATING**
'Medium Risk Rating'
- MSCI ESG RATING 'A' RATING**

CREDIT RATING:

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

CERTIFICATIONS:

- ISO 37001:2016**
Anti-Bribery Management Systems
- ISO 14001:2015**
Environmental Management Systems
- ISO 9001:2015**
Quality Management Systems
- ISO 27001:2013**
Information Security Management Systems



1



2



3



5

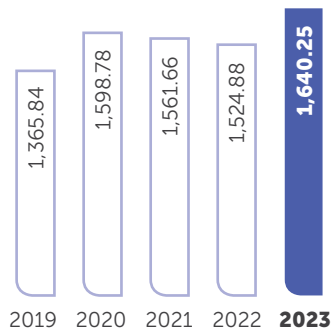
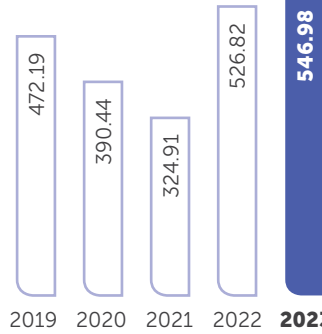
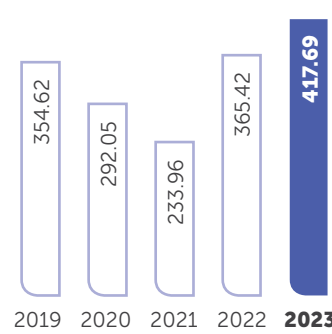
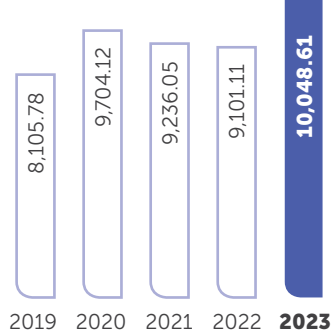
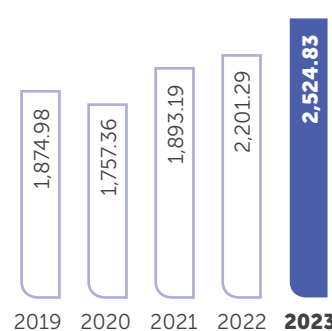
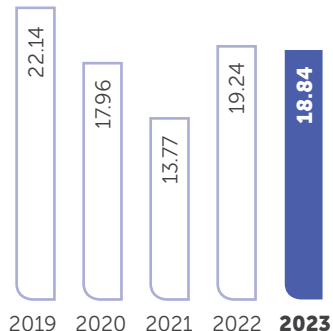
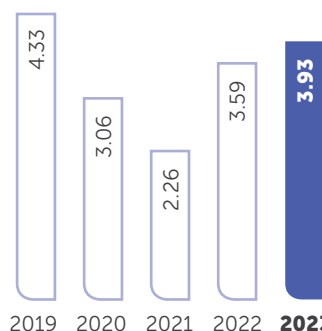
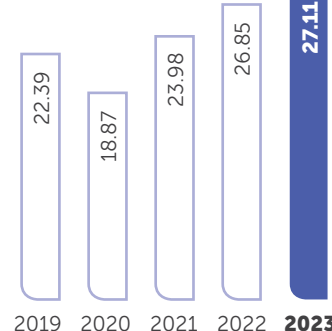
5-YEAR FINANCIAL HIGHLIGHTS

	Group		Company		
	FYE2023 RM'000	FYE2022 RM'000	FYE2021 RM'000	FYE2020 RM'000	FYE2019 RM'000
OPERATING RESULTS					
Revenue	1,640,245	1,524,880	1,561,660	1,598,775	1,365,843
Profit from operations	862,897	857,706	682,780	715,663	725,071
Profit before tax	546,976	526,820	324,907	390,441	472,191
Profit after tax	417,685	365,419	233,957	292,046	354,624
KEY FINANCIAL POSITION DATA					
Total assets	11,117,098	10,140,874	10,231,421	10,434,657	8,655,754
Financing receivables	10,048,613	9,101,111	9,236,046	9,704,121	8,105,779
Plant and equipment	114,999	144,289	137,843	141,161	118,676
Cash, bank balances and deposits	391,337	508,960	439,549	132,798	92,429
Share capital	584,012	584,012	584,012	565,448	534,907
Shareholders' equity	2,324,830	2,001,286	1,693,192	1,557,359	1,498,981
Perpetual notes and sukuk	200,000	200,000	200,000	200,000	376,000
Total equity	2,524,830	2,201,286	1,893,192	1,757,359	1,874,981
Borrowings	8,006,969	7,390,496	7,662,910	8,197,668	6,430,012
Total liabilities	8,592,268	7,939,588	8,338,229	8,677,298	6,780,773
STATISTICS/RATIOS					
Net earnings per share (sen) *	159.62	139.17	87.67	107.48	133.55
Net dividends per ordinary share (sen)	49.50	48.50	29.20	36.25	44.60
Net assets per share (RM) **	9.10	7.84	6.63	6.14	5.98
Return on equity	18.84	19.24	13.77	17.96	22.14
Return on assets	3.93	3.59	2.26	3.06	4.33
Capital ratio	27.11	26.85	23.98	18.87	22.39

Note:

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

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

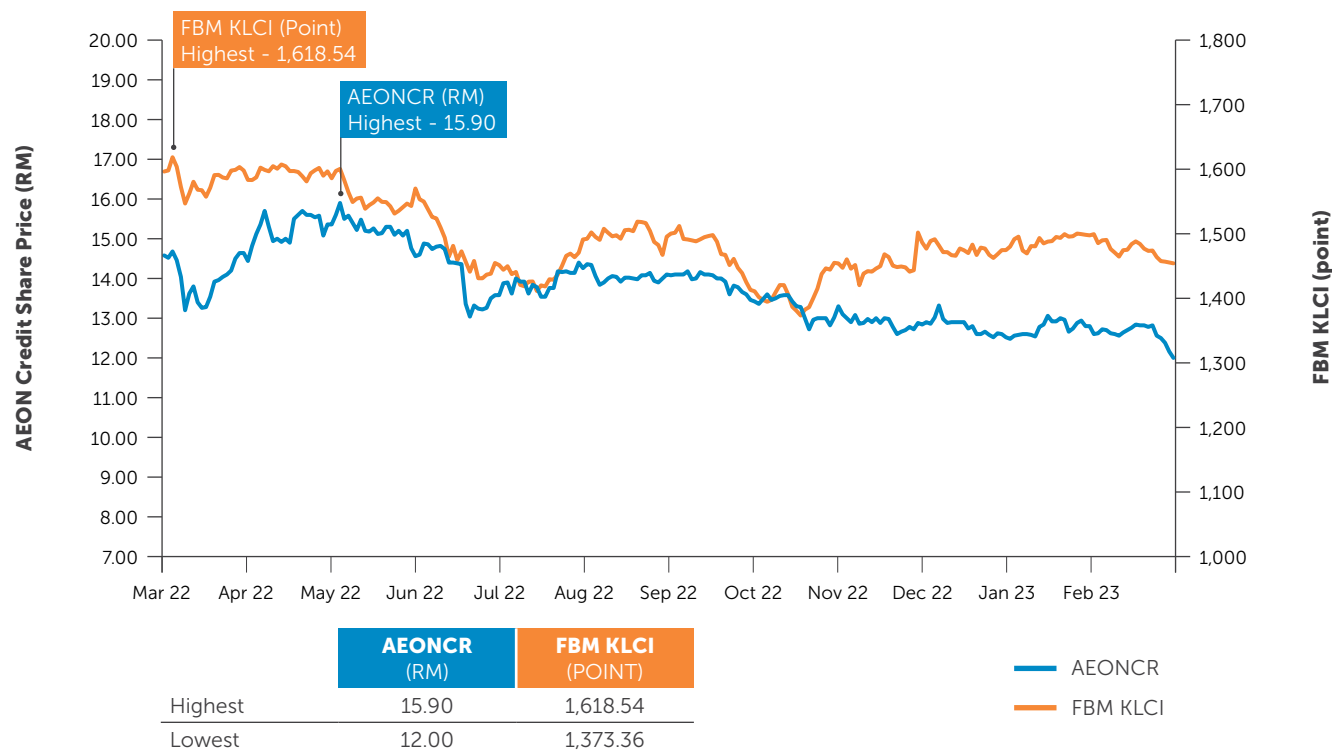
REVENUE
(RM Million)2019 2020 2021 2022 **2023****PROFIT BEFORE TAX**
(RM Million)2019 2020 2021 2022 **2023****PROFIT AFTER TAX**
(RM Million)2019 2020 2021 2022 **2023****NET FINANCING RECEIVABLES**
(RM Million)2019 2020 2021 2022 **2023****TOTAL ASSETS**
(RM Million)2019 2020 2021 2022 **2023****TOTAL EQUITY**
(RM Million)2019 2020 2021 2022 **2023****RETURN ON EQUITY**
(%)2019 2020 2021 2022 **2023****RETURN ON ASSETS**
(%)2019 2020 2021 2022 **2023****CAPITAL ADEQUACY RATIO**
(%)2019 2020 2021 2022 **2023**

INVESTOR INFORMATION

SHARE PRICE

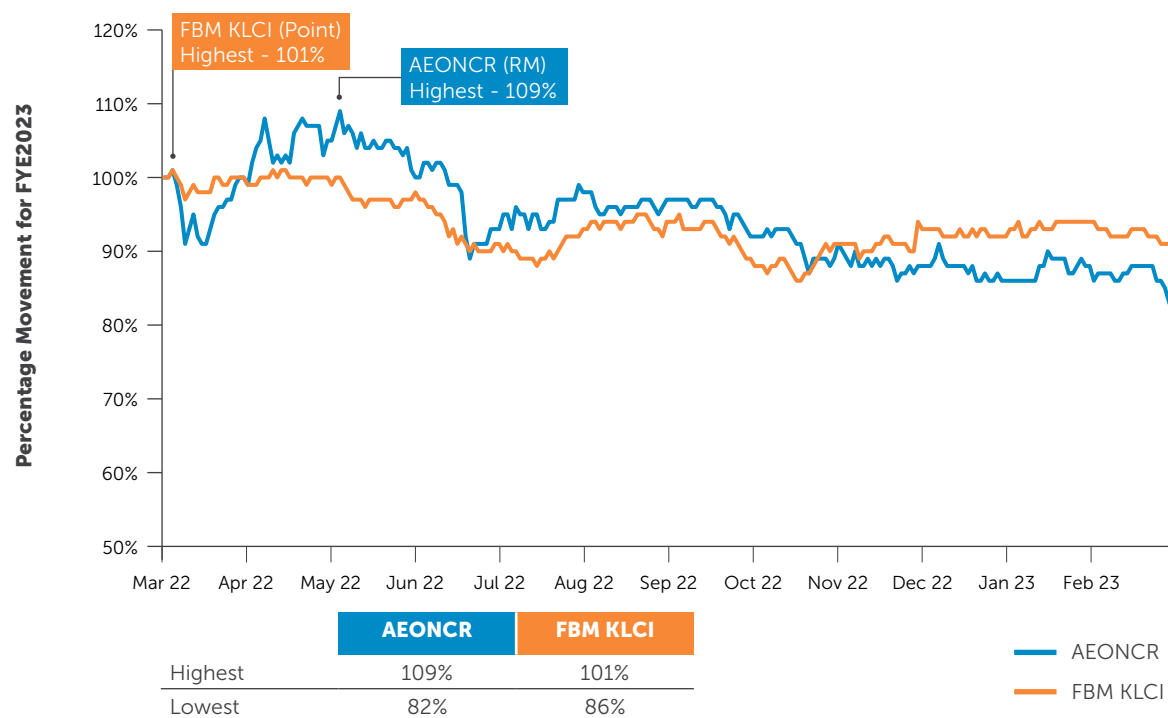
AEON Credit (AEONCR) Share Price vs FBM KLCI

(1 March 2022 to 28 February 2023)



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

(1 March 2022 to 28 February 2023)



INVESTOR RELATIONS

The Group values the support of our investors and the significant role they play in realising the Group's growth plans. Through effective investor relations, there is a constant flow of accurate and transparent information of key strategic and financial performance between AEON Credit, our investors and the investing community at large via multiple communication platforms. The Group leverages on conventional as well as digital channels to release information and handle inquiries. An effective investor relations programme is implemented to bridge the flow of information that is critical to the investment community. AEON Credit's dedicated Investor Relations team ("IR team") is led by the Chief Corporate Officer ("CCO") and Chief Financial Officer ("CFO") who then relay feedback to the Senior Management and Board of Directors. 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 a 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 hand to articulate more business-specific and operational queries. It is the IR team's responsibility to ensure that the financial statements are circulated to analysts and media in a timely manner.

Date	Event	Venue
5 July 2022	AEON Credit Q1FYE2023 Analyst Briefing	Conference Call
30 September 2022	AEON Credit Q2FYE2023 Analyst Briefing	Conference Call
22 December 2022	AEON Credit Q3FYE2023 Analyst Briefing	Conference Call
12 April 2023	AEON Credit Q4FYE2023 Analyst Briefing	Hybrid Meeting

CONFERENCES AND ROADSHOWS

The CCO, CFO and IR team have participated in various conference calls in FYE2023 to brief investors on the Group's strategic plan and to provide an update on the Group's financial performance. Physical and virtual group meetings were conducted periodically to ensure a high level of investor engagement during the year. In FYE2023, we engaged with 381 participants including fund managers, bankers, researchers and analysts as compared to the previous year of 286 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.

Date	Event	Venue
11 May 2022	Rakuten Trade Ideas Webinar	Conference Call
13 September 2022	Macquarie ASEAN Banks Tour – Malaysia leg	Hotel EQ
13 October 2022	Nomura Malaysia Corporate Virtual Day	Conference Call

RESEARCH COVERAGE

The Group is well covered by the investment community with active coverage from eight research houses and consistently monitored by buy-side analysts and fund managers domestically and globally.

Research House	
1. Affin Hwang Investment Bank Bhd	5. Kenanga Investment Bank Bhd
2. AllianceDBS Research Sdn Bhd	6. MIDF Amanah Investment Bank Bhd
3. CLSA Securities Malaysia Sdn Bhd	7. RHB Investment Bank Bhd
4. KAF Seagroatt & Campbell Securities Sdn Bhd	8. Macquarie Capital Securities (Malaysia) Sdn Bhd



REFLECTIONS FROM TOP LEADERSHIP

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CHAIRMAN'S STATEMENT

DELIVERING DISTINCT VALUE



DEAR VALUED SHAREHOLDERS,

I am pleased to present the AEON Credit Service (M) Berhad ("AEON Credit" or "the Group") Integrated Annual Report for the financial year ended 28 February 2023 ("FYE2023").

During a year of domestic recovery amidst global headwinds, AEON Credit has resolutely continued its strategy to advance digitalisation capabilities, drive business expansion, and fortify our customer-first ethos. Despite the challenging market conditions, we are proud to deliver a commendable performance, driven by our disciplined approach on growth strategies and cost management.



NG ENG KIAT
Chairman

CHAIRMAN'S STATEMENT



WE HAVE WITNESSED AN IMPROVED PERFORMANCE ACROSS ALL KEY PRODUCT SEGMENTS DESPITE THE CHALLENGING LANDSCAPE.

**Highlights****MALAYSIAN GDP****8.7%****PROFIT AFTER TAX****RM417.69
MILLION**

2022: RM365.42 MILLION

**TOTAL DIVIDEND PAYOUT****49.5 SEN**

2022: 48.5 SEN

DELIVERING DISTINCT VALUE

In 2022, despite global inflationary disquiet exacerbated by geopolitical concerns from the Ukraine war to China's stance on zero COVID policy, the Malaysian economy grew beyond expectations, recording a gross domestic product ("GDP") of 8.7%, anchored on support from stimulus measures, robust private sector activities and improving labour market conditions.

As economic activities normalised to pre-pandemic levels, coupled with the Group's mid-term strategy to drive receivables growth, we have witnessed an improved performance across all key product segments despite the challenging landscape. The Group recorded a profit after tax ("PAT") of RM417.69 million compared to RM365.42 million in the previous financial year. This was driven predominantly by increased interest income and fee income, supported by improved transaction and financing volume, coupled with a significant reduction in operating expenses.



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 21.0 sen per ordinary share to be paid on 20 July 2023 subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM"). This brings total dividend payout for FYE2023 to 49.5 sen, translating to a payout ratio of 30.3%.

OUR STRATEGIC PROGRESS

Within the rapidly changing post pandemic market environment, elevating our implementation on the digital front was the key priority for FYE2023 in building momentum and growing our market share. Focus was also directed towards creating distinct value for our stakeholders, meeting elevated customer expectations, and growing our business capabilities.

i. Digital onboarding process

During the year, we launched the Easy Payment digital onboarding process for instant conditional approval to customers. Backed by e-KYC solutions and scoring models, customers can complete their entire application journey and receive instant conditional approval in just 15 minutes. To-date, we have reached out to over 1,100 merchants to promote this initiative. We aim to continue scaling up our digital acquisition share and elevate customer experience. This onboarding process leverages on Fintech solutions and will soon be implemented into the Group's personal financing and credit card businesses.



WE AIM TO CONTINUE SCALING UP OUR DIGITAL ACQUISITION SHARE AND ELEVATE CUSTOMER EXPERIENCE. THIS ONBOARDING PROCESS LEVERAGES ON FINTECH SOLUTIONS AND WILL SOON BE IMPLEMENTED INTO THE GROUP'S PERSONAL FINANCING AND CREDIT CARD BUSINESSES.



ii. Revamped AEON Wallet app

We expanded the use of digital channels to deliver quick service to our customers. During the year, we revamped our AEON Wallet app with features for better user experience ("UX"). Customers can now apply for our credit cards and personal financing via their AEON Wallet anytime anywhere. Other features introduced to enhance customer convenience include Peer-to-Peer ("P2P") transfer, financing details and repayment as well as E-Donation function. Consequently, we have acquired a commendable 25% year-on-year growth in our AEON Wallet registrations with a sizeable user base of 1.63 million users.

iii. Net Promoter Score

We introduced the first-ever Net Promoter Score ("NPS") in August 2022, which is a measure of our customers' willingness to recommend our products and services to others. This helps AEON Credit to drive a customer-first philosophy by consistently monitoring and tracking customer experience and satisfaction levels through various platforms – all of which have recorded rating improvements in the FYE2023 evaluation.

iv. Establishment of Islamic Commercial Papers (ICP) programme

AEON Credit established its Islamic Commercial Paper ("ICP") Programme of up to RM1 billion in nominal value in November 2022 to replace the ICP that expired in August 2022 and subsequently issued the first ICP in March 2023. The ICP Programme has been assigned a credit rating of P1 by RAM Rating Services Berhad. The proceeds will be used, among others, to finance disbursements to customers, financing of expenses relating to the ICP Programme and refinance any existing and future Islamic financing facilities.

HUMAN CAPITAL

Talent is at the forefront of our human capital management approach as our people make the distinctive difference in our service and value delivery. In the year under review, we have established sustainable Human Resource ("HR") practices which include establishing an employee reward roadmap, building a sustainable talent pipeline, and engaging with employees through learning programmes, career progression opportunities as well as leadership programmes. In addition, we have launched the FlexHR mobile app to provide an e-platform functionality to further improve engagements with our employees. We will continuously strive to upgrade HR processes to attract and retain the right talents, save costs and build our reputation as an Employer of Choice.

CHAIRMAN'S STATEMENT

ACHIEVING DISTINCTION THROUGH ESG

Acknowledging the importance of Environmental, Social and Governance ("ESG") considerations in driving business success, AEON Credit has established a Sustainability Framework and formulated our 3-year Sustainability Roadmap towards becoming a leading ESG Company in the financial services industry by 2025. This outlines goals and initiatives aligned to AEON Credit's material matters and focus areas, and lay the groundwork for us to improve and increase our reporting of climate-related and other financial information.

In line with the framework and roadmap, the Board has formulated a statement ***"Shaping our future in financial services through sound, innovative and sustainable ESG practices and initiatives"*** to reflect our continuous efforts in upholding our commitments towards ESG across the Group.

Furthermore, we have secured three-year Sustainability-Linked Loans ("SLL") of total RM600 million – a first for a non-bank financial services provider. This is a significant initiative for the Group to actively support and promote sustainability practices by fostering and influencing a wider adoption of ESG through provision of green and social financing funded by the SLL.

As part of the AEON Group of Companies in Malaysia, we also continue to collaborate with Malaysian AEON Foundation's programmes that aim to provide opportunities, encouragement and support to communities in need, as well as spur creative production and retail growth through collaboration with local businesses, entrepreneurs and SMEs.

Most notably, AEON Credit attained industry recognition for our sustainability efforts in FYE2023, and was named silver winner for "The Most Consistent Performer Over 5 Years" under the Equities category at The Edge Malaysia ESG Awards 2022 in recognition of our ESG achievement.



Further details of the Group's sustainability performance are set out in the Sustainability Statement of this IAR.

ATTAINING DISTINCTION THROUGH GOOD GOVERNANCE & EFFECTIVE RISK MANAGEMENT

In the post pandemic era, the rapid rate of digital transformation has brought about new challenges on the front of governance and risk. The current surge of scams and frauds, especially online frauds in Malaysia has made information technology security a key priority to ensure customer confidence in financial institutions.



Coupled with the economic challenges anticipated within the global and domestic outlook, businesses have to dynamically step up preparedness in tackling scams, frauds, corruption and other emerging risks.

Therefore, during the year under review, the Board has actively reviewed the Group's existing policies and frameworks pertaining to these areas to ensure that we adhere to the latest requirements from regulators and authorities, especially in the management of anti-corruption practices and business continuity.

On the risk front, in addition to the annual cyber security drills to ensure readiness of business operation in the event of cyber-attacks, we have established a Technology Risk Management & Cyber Resilience framework based on Bank Negara Malaysia's policy document on Risk Management in Technology ("RMiT").

Further, AEON Credit has also joined the Association of E-money Issuers in Malaysia and actively collaborates with the association and other members in combatting frauds and scams.

A feather in our cap during the year under review was the conferment of ASEAN Asset Class at the 2021 ASEAN Corporate Governance Scorecard ("ACGS") Awards ceremony for our efforts in practicing good corporate governance across the Group's activities.

HERALDING A NEW ERA

For 2023, the Malaysian economy is projected to grow moderately backed by private consumption, recovery of the labour market and improved tourism activity. Inflation has stabilised but expectations will remain elevated throughout the year. The balance of risks remains tilted to the downside, mainly from weaker global economic growth, tighter financial conditions, re-escalation of geopolitical tensions and continuing supply chain disruptions.

Given the competitive market conditions and our motivated mid-term strategy, we have earmarked four main pillars for our sustainable growth namely, receivables growth, enriching customers' experience, developing employees and sustainability governance.

We target to complete the end-to-end digital transformation and the introduction of new AEON mobile app by this year. By rolling out the new AEON mobile app, we will be able to integrate our databases and embed all links and functions to build an ecosystem that offers our customers seamless access to every product and service. This will be realised through an envisioned AEON Living Zone that offers one-stop access to all the Group's product and service offerings, from AEON Group membership benefits and financing, to digital banking and insurance. By 2025, we aim to be Malaysia's leading innovative retail Fintech Company with a significant E-Wallet user base.

Further, the Group will closely monitor and assess the potential risks in our financing portfolios to ensure healthy asset quality. This approach is the key to strengthening our fundamentals to sustain, adapt and future-proof our business for the changing times ahead.

Moving forward on the insurance broking business front, AEON Insurance Brokers is focusing on building a robust core system to support its operations and business expansion. This is targeted for completion by July 2023. When this system goes live, we anticipate a higher penetration and growth rate from the Insurtech segment.

Last but not least, I am happy to report that our digital bank journey together with our holding company AEON Financial Service Co., Ltd. has been kickstarted. In keeping with the timeline to have our digital bank operating within 24 months, we had appointed technology partners for systems development and is now focused on an operational readiness plan wherein the digital bank targets to commence operations in the first quarter of 2024.

On the journey ahead, the Board remains committed to ensuring AEON Credit continues to comply with all applicable laws and regulations, including those related to the current emphasis on environmental, social and governance responsibility.



**BY 2025, WE AIM TO BE MALAYSIA'S
LEADING INNOVATIVE RETAIL
FINTECH COMPANY WITH A
SIGNIFICANT E-WALLET USER BASE.**



IN APPRECIATION

I take this opportunity to express my utmost to the members of the Board for their invaluable guidance and counsel. Their diversity in backgrounds and experiences have provided vital support to our management team on key issues such as strategic direction, financial management, risk management and corporate governance.

On behalf of the Board and the Group, I would like to offer my best wishes to Datin Khoo Pek Ling who will be retiring at the 26th AGM. Her invaluable contributions will always be cherished and she will be dearly missed.

The Group's laudable accomplishment was a result of the efforts of many parties, and I sincerely appreciate their contributions. I want to extend the Board's profound gratitude to our shareholders, bankers and regulators for their continuing faith and unwavering support of us.

Salutations to all of our employees who have worked hard, passionately, and professionally, in ensuring that we stayed ahead of the curve and to achieve our vision. Our future is in our people. We are well-positioned to advance our plans and provide value to our stakeholders under the direction of a strong leadership team in keeping with our AEON culture.

Finally to our customers and business partners, a big thank you for your steadfast support and loyalty all these times. We could not have achieved the year's milestones without your support and trust in our commitment to excellence. We look forward to your continued confidence in us.

Thank you.

NG ENG KIAT
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

DELIVERING DISTINCT VALUE



FYE2023 was a distinctive turning point for AEON Credit Service (M) Berhad ("AEON Credit" or "the Group") as we are closing the gaps in our service delivery to create broader, easier and faster access with distinct features that make a positive impact in a new era of digitalisation.

This year's Management Discussion and Analysis covers the strategic and business reviews of the financial year and shares the Group's direction moving ahead.



DAISUKE MAEDA
Managing Director



AEON CREDIT REMAINS STEADFAST AND IS FULLY COMMITTED TO BRINGING THE BEST PRODUCTS AND SERVICES TO FIT MARKET DEMAND AND TO BE THE MOST PREFERRED NON-BANK FINANCIAL SERVICES PROVIDER TO CUSTOMERS, WITH A THRIVING FUTURE AS A INNOVATIVE RETAIL FINTECH COMPANY AND ESG CHAMPION IN THE NON-BANK FINANCIAL SECTOR IN MALAYSIA.



OVERVIEW OF FYE2023 PERFORMANCE

Global economy experienced volatility in 2022 due to intensified trade conflict between US and China, Russia's invasion of Ukraine and the implementation of Zero COVID Policy by China. The above events gave rise to supply chain disruptions that reverberated across the globe causing economies to grapple with supply/demand imbalances, escalating inflation and rising interest rates.

In Malaysia, Gross Domestic Product ("GDP") for 2022 recorded encouraging performance of 8.7% growth contributed by robust domestic and external demand besides the improved labour market. As a result of the recent pandemic, digitalisation and sustainability are now key drivers for growth.

Responding proactively to changing expectations, AEON Credit focused on accelerating our digital onboarding capabilities in FYE2023.

In response to the growing global requirement for climate action through the adoption of Environmental, Social and Governance ("ESG") measures, AEON Credit adopted sustainability practices which aligned with the United Nations Sustainable Development Goals ("SDGs") into our business strategy and operations.

AEON Credit remains steadfast and is fully committed to bringing the best products and services to fit market demand and to be the most preferred non-bank financial services provider to customers, with a thriving future as a leading innovative retail Fintech Company and ESG champion in the non-bank financial sector in Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS DELIVERING DISTINCT VALUE



THE GROUP'S REVENUE INCREASED BY 7.6% YOY TO RM1.64 BILLION FROM RM1.52 BILLION A YEAR AGO, CONTRIBUTED BY HIGHER INTEREST AND FEE INCOME. OTHER INCOME INCREASED BY 8.8% TO RM197.30 MILLION FOR FYE2023 ON THE BACK OF IMPROVED BAD DEBT RECOVERIES.



FINANCIAL PERFORMANCE REVIEW

In tandem with the economic recovery, the Group recorded a stronger financial performance for FYE2023, with total transaction and financing volume registering an increase of 31.0% to RM6.25 billion as compared to RM4.77 billion recorded in the previous financial year ended 28 February 2022 ("FYE2022").

Correspondingly, the Group's revenue increased by 7.6% year-on-year ("YoY") to RM1.64 billion from RM1.52 billion a year ago, contributed by higher interest and fee income. Other income increased by 8.8% to RM197.30 million for FYE2023 (FYE2022: RM181.36 million) on the back of improved bad debt recoveries.

Total operating expenses increased by 14.9% to RM974.64 million (FYE2022: RM848.53 million), arising mainly from higher impairment loss ("IL") on financing receivables by RM144.55 million to RM447.83 million (FYE2022: RM303.28 million). This was however offset by lower operating expenses of by 3.4% YoY to RM526.81 million as compared to RM545.25 million a year ago, bringing our cost-to-income ratio excluding IL to 28.7% as compared to 32.0% in FYE2022. Nonetheless, the Group will continue to remain disciplined in cost management and pursue various strategic efforts to drive operational efficiency and cost optimisation while accelerating digitalisation for better customer experience.

The Group's profit before tax ("PBT") rose to RM546.98 million (FYE2022: RM526.82 million) while profit after tax ("PAT") recorded a new high of RM417.69 million in FYE2023, up 14.3% from RM365.42 million a year ago, translating to an earnings per share ("EPS") of 159.62 sen (FYE2022: 139.17 sen).

The financial position of the Group remains strong and healthy with total assets increasing 9.6% from February 2022 to RM11.12 billion as at 28 February 2023. Net assets per share improved to RM9.10 (2022: RM7.84), with total equity at RM2.52 billion as at end-February 2023.

The Group's gross financing receivables expanded by 9.9% to RM10.84 billion compared to RM9.86 billion recorded in last financial year, contributed primarily by effective marketing campaigns to drive transaction and financing volume growth. Net credit cost on average financing receivables was recorded at 2.57% (FYE2022: 1.47%) due to higher allowance for impairment losses, while Non-Performing Loans ("NPL") ratio slightly deteriorated to 2.89% as at end February 2023 from 2.66% a year ago due to lower collection performance caused by weaker debt servicing capacity of certain customers segments. To withstand this, the Group has implemented necessary measures including stringent credit assessment criteria for certain customer segments, periodic review of credit policies and enhanced recovery efforts. Loan loss coverage ratio stood at 252% for FYE2023 as compared to 289% for FYE2022.

Meanwhile, the Group recorded a Return on Equity ("ROE") and Return on Asset ("ROA") of 18.8% and 3.9% respectively. Capital adequacy ratio ("CAR") stood at 27.1%, the strong capital position providing ample headroom for future growth.



200 Merchants attended the AEON Credit Motorcycle Merchant Appreciation Dinner.



THE GROUP'S PROFIT BEFORE TAX ROSE TO RM546.98 MILLION WHILE PROFIT AFTER TAX RECORDED A NEW HIGH OF RM417.69 MILLION IN FYE2023, UP 14.3% FROM RM365.42 MILLION A YEAR AGO.



BUSINESS OPERATION REVIEW

Easy Payment and Personal Financing Business

Easy Payment and Personal Financing ("EPPF") business continue to be the major contributor to the revenue and profit growth for the Group. During the year under review, AEON Credit continued to focus on strategic product and marketing efforts coupled with better branch productivity and digitalisation initiatives, including ongoing promotions and marketing campaigns via web sales channel and other outreach platforms, while effective merchant development and innovative partnership programmes were implemented to support merchants for its product financing schemes.

Total financing volume generated by EPPF business increased by 42.0% to RM4.44 billion in FYE2023 as compared to RM3.13 billion in FYE2022. All products registered growth during the year, with Motorcycles Financing and Personal Financing continuing to be the key drivers to financing volume for the year, with 35.4% and 49.9% growth respectively from previous year. Auto Financing and Objective Financing also saw increased uptick of 52.2% and 29.4% respectively.

EPPF FYE2023 Highlights

Total EPPF Financing volume increased by

42%

Motorcycle Financing volume increased by

35%

Personal Financing sales volume increased

50%

MANAGEMENT DISCUSSION AND ANALYSIS

DELIVERING DISTINCT VALUE

Payment Business

FYE2023 marked the kickstart of a new phase for the Group's Payment Business segment with emphasis directed towards credit card acquisition, expanding payment functionality and improvement of the AEON Wallet user experience ("UX").

In FYE2023, total credit card sales transaction and financing volume increased by 11.8% to RM1.63 billion while receivables declined marginally by 0.6% to RM717.91 million contributed by better collection performance.

Acquiring transactions volume increased by 54.8% YoY to RM2.55 billion as compared to RM1.64 billion in FYE2022. About RM1.72 billion or an increase of 20% YoY of the acquiring transactions was derived from AEON Group of Companies through 3,479 terminals deployed at its retail payment counters in line with the increase in consumer spending and increase in shopping footfall.

E-money transactions declined marginally by 3.9% to RM179.24 million (FYE2022: RM186.45 million) due to lower average spending per card. AEON Member Plus ("AMP") card base continued to grow to 2.40 million at a rate of 9% YoY while the revenue increased by 16.0% to RM15.96 million.

Besides, the AEON Wallet was refreshed with enhanced UX which has brought a surge in usage. In the five months since the revamp, there have been 97,015 new sign ups, followed by a 70% increase in QR payment and 33% increase in top-up amount.

As part of our vision to provide financial services that contribute towards an equitable society, we have collaborated with AEON Group of Companies, Ministry of Entrepreneur Development and Cooperatives ("MEDAC") and In2Niaga Sdn. Bhd ("IN2NIAGA") to issue a privilege card for Hawkers and Petty Traders that provides underserved hawkers and traders a host of privileged benefits and rebates through the AEON loyalty programme. This also helps to drive member sales and payment volume during curated events for AMP members such as AEON Retail Anniversary Campaign and festive celebrations.

STRATEGY AND OUTLOOK

Advancing Digitalisation

Elevating our leadership on the digital front is a key priority to connect with our customers directly, proactively offer personalised solutions, increase competitiveness and elevate customer experiences. The launch of our digital onboarding process with pre-assessment for easy payment financing on September 2022 was thus a milestone for us. From January to February 2023, a total of 7,553 digital pre-assessment applications for product financing were received, which represent 7.8% of the total applications. By March 2023, the number of applications has surged by 28.5% to 35,735 which is a testament of our digitalisation efforts.

The overall project which comprises e-signature and straight through process is targeted to go live by the fourth quarter of FYE2024. This initiative will reduce end-to-end application time by 99%, and the Group's credit assessment operational and manpower cost up to 50%. The digital onboarding for personal financing and credit cards is targeted to rollout in FYE2024.

Credit Card FYE2023 Highlights

New card issuance grew

+166% YoY

Sales volume increased by

+11% to RM1.63 billion

100% digital application submission across all channels

Hawkers and Petty Traders Privilege Card benefits

Earn points for every **RM1** spent at AEON Retail outlets

Provide distinct **QR code** for cashless transactions

Automatic enrolment in the **SOCSSO** Self-Employment Social Security Scheme

E-money FYE2023 Highlights

Card base increased by

+9% to 2.40 million

Launched **E-Donation** with AEON Points to MAF in January 2023

AEON Wallet

Apply for credit cards and personal financing anytime anywhere





Driving Member Expansion

During the year, our focus on expanding membership base and merchant base have been revived and fine-tuned towards providing customised solutions that meet our customers' lifestyles. Improved card benefits and features, increased placement of self-service machines and new customised cards to cater to different segments were also part of the strategy to boost the financing growth.

By working with an independent sales organisation, we have grown our point of sale terminal base by 42% YoY to a total of 9,275 terminals. Further, as part of our expansion initiatives, customers can now apply credit cards at Easy Payment merchants. Through database analytic tools, we can cross sell credit cards to highest score customer segments via SMS and telemarketing efforts. To further optimise engagements, portable booths for direct sales team have been set up to improve member acquisition.

Customer Centricity

AEON Credit upholds a customer-first philosophy to help build and increase customer loyalty, attract new customers and gain a competitive advantage. In order to understand our current performance on this front, we are monitoring and tracking customer experience and satisfaction levels through:

- The Net Promoter Score ("NPS") which measures customer satisfaction on our services by collating SMS responses on loan disbursement, credit card activation/usage, loan full settlement, and contact centre. The collated results showed consistent improvement in ratings.
- Google Map Review which seeks constructive feedback from customers visiting our branches. The FYE2023 evaluations showed that ratings of our branches have improved. The number of branches rated 4-star and above had increased from 6 to 16.
- Comprehensive and continuous training programmes that emphasised on Customer Service fundamentals for frontline employees have been carried out across the Group to ensure they are equipped with the skills and knowledge to provide excellent customer service to customers.

Empowering Our People

In our journey ahead, the well-being of our employees is our top priority and we require new talents to further our digital transformation. A more conducive working environment and culture are in the works as we implement a fulfilling career plan that allows our employees to thrive and be part of the "AEON family". Initiatives include:

- Management succession planning programme which included targeted development training, accelerated progression and mentoring as future leaders.
- Competency Based Training for all employees to build their skills and confidence as well as stay relevant in their roles and responsibilities. In addition, selected Senior Management Team members are given the opportunity to join coaching programmes conducted by a world class coaching firm.



MANAGEMENT DISCUSSION AND ANALYSIS DELIVERING DISTINCT VALUE



THE INTEGRATION OF OUR UPCOMING ISLAMIC BANKING AND INSURANCE BROKING AS WELL AS OTHER NEW PRODUCTS ONTO THE AEON LIVING ZONE PLATFORM, WILL ENABLE AEON CREDIT TO MEET CONSUMER LIFECYCLE NEEDS OF EXISTING CUSTOMERS AND FURTHER PENETRATE INTO NEW CUSTOMER SEGMENTS WITHIN THE AEON ECOSYSTEM.



- Hiring 21 Management Trainees, young leaders prepped for future management roles by familiarising them with overall operations of the Group.
- An Employee Reward Roadmap to recognise work excellences and motivate performances. We will continue to monitor our overall compensation structure against market benchmark.
- Virtual Town halls and monthly MD Dialogue Session to enhance communication with the Top Management and receive regular feedback on employee concerns.

These lay the foundation of our plans to nurture talents that will help us achieve our forward goal of becoming a well-regarded innovative Fintech company and build our reputation as an Employer of Choice.

Making Sustainable Strides

A Sustainability Framework and a 3-year Sustainability Roadmap have been developed to increase AEON Credit's ESG impact. The Roadmap specifies objectives and projects that are in accordance with AEON Credit's important issues and priority areas and creates the groundwork for the implementation of Task Force on Climate-Related Financial Disclosures ("TCFD").

AEON Credit has also secured a total of RM600 million Sustainability-Linked Loans (SLLs) with 3-year tenure for the first time. AEON Credit will be incorporating the predetermined Sustainability Performance Targets ("SPTs") into the assessment of business and financial performance where interest rate adjustment is subjected to the achievement of the preset targets. The SPTs include electric motorcycle financing, green financing, financial inclusion for hawkers and petty traders and carbon emission reduction.



As part of our corporate social responsibility, we continue to support local communities through various collaborations with Malaysian AEON Foundation ("MAF"). We contributed RM1 million to the AEON Smart Classroom Project which is aimed at providing quality education by restoring and upgrading existing classroom infrastructures to bridge the education gap for students from low-income families. Other initiatives included donations to help underserved communities and victims of natural calamities, blood donation drives in collaboration with Government blood bank centre and environmental conservation activities such as cleaning the public parks, coastal and public housing areas.

Charting a Distinctive Future

The rapidly growing demand for digital convenience is revolutionising the financial services industry. Customers are expecting more automation and instantaneous response from businesses. We have thus placed Customer Experience ("CX") as one of our priority to assure our ability to retain customers, build loyalty, encourage cross selling and entice new joiners into the AEON ecosystem.



To this end, we are directing our energies to the creation of a thriving AEON Living Zone wherein all our businesses can connect with existing and new customers seamlessly in delivering distinct value. Going forward, continued extensive marketing efforts and cross selling initiatives within the AEON Living Zone will drive transaction volume and market share for all our businesses. We will also further strengthen the collaboration with AEON Retail by enhancing the card features and loyalty programme to attract both new AEON shoppers and non-AEON shoppers.

In FYE2024, we look forward to commencing operations on our digital bank journey. We have established a new management team which is spearheaded by the appointment of CEO on 1 December 2022. We are confident that the addition of this service onto the AEON Living Zone will help us attract and expand our customer base and enhance cross selling opportunities.

On the insurance broking business, we are in the process of introducing more insurance products that are affordable, diverse and easily accessible. Aiming to provide a more seamless customer experience, a new core system and sales portal are being developed and will be embedded in our existing platforms for cross selling purpose. It is targeted to be ready by the third quarter of FYE2024.

ACKNOWLEDGEMENT

I wish to take this opportunity to express my sincere thanks to all our AEON Credit people for their dedication and diligence throughout this financial year. I am also deeply grateful to the Board for their guidance and oversight. The teamwork and spirit of shared purpose within the AEON Credit family has steered us through our current challenges as we have done so in the past. The continued good performance of the Group is a testament of all your efforts and hard work.

We would like to thank our customers whom are privileged to be able to serve and commit to doing so with uncompromising standards of professionalism and integrity. Our appreciation also goes out to our business partners, shareholders and all other stakeholders who are part of our journey of success.

We also recognise the importance of embedding sustainability elements into our business model and daily operations. Moving forward, with the Group's focus on bringing comprehensive financial services to all communities and continuous investment in digitalising our business and growing commitment on sustainable consideration, we aim to deliver more distinctive value to all our stakeholders.

DAISUKE MAEDA
Managing Director



STRATEGIES TO CREATE VALUE

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OUR OPERATING LANDSCAPE

THE GLOBAL ECONOMY

The global economy has slowed down to an estimated 2.9% in 2022 after registering a rebound of 5.9% in 2021 due to the ongoing Russian-Ukraine hostilities, supply chain disruptions and high inflation worldwide, resulting in tightening of monetary policy. Continued geopolitical tensions are expected to slow down economic growth further to 1.7%. It has been projected that further negative shocks such as financial stress and deeper weakness in major economies could push global economy into recession. Global cooperation and policies are needed to support investment and long-term growth prospects in order to mitigate the risk of global recession and debt distress.

(Source: World Bank Report)

THE OPERATING LANDSCAPE IN MALAYSIA

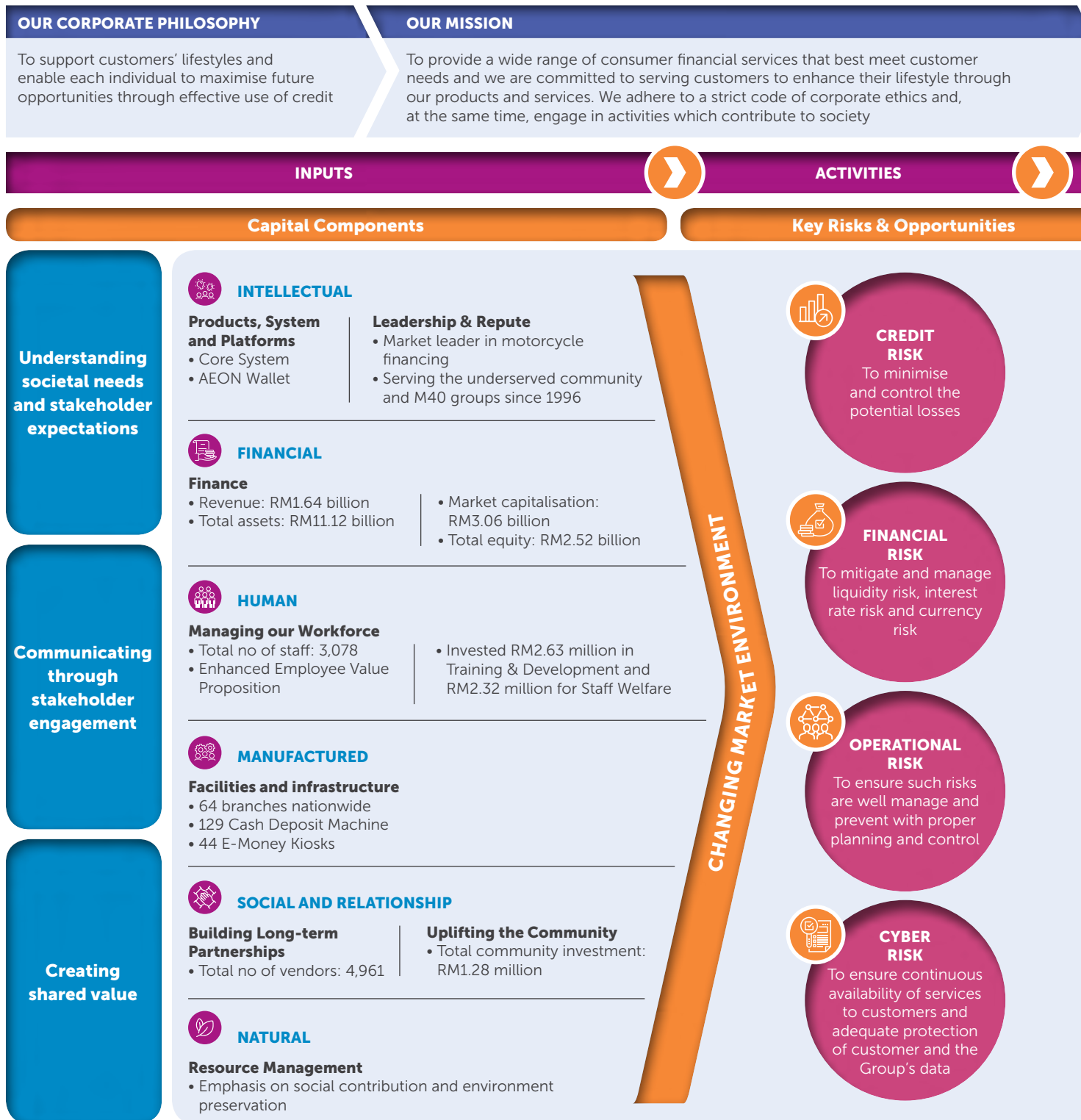
Despite weakening global growth and heightened inflationary pressure from high commodity and food prices, the Malaysian economy grew by 8.7% in 2022, mainly driven by domestic private consumption and recovery of the labour market. In 2023, the economy is projected to moderate to 4.5% amid the weaker global growth momentum. Growth will primarily be driven by domestic private expenditure and development expenditure.

(Source: Budget 2023 Economic and Fiscal Outlook Report)

In light of the operating landscape in 2022, we have identified significant market trends that influence our business approach.

Key Market Trend	Implications to AEON Credit	Key Actions undertaken in FYE2023
Uncertain economic environment and rising inflationary pressures <ul style="list-style-type: none"> Weaker global growth momentum arising from financial instability, tightening of monetary policy and geopolitical tensions will moderate Malaysia's growth and impact consumer spending 	<ul style="list-style-type: none"> Potentially weaker asset quality 	<ul style="list-style-type: none"> Enhanced our data analytical tools and adapted an external scoring model to improve decision-making We will remain focused on enhancing our credit assessment framework and sustain diligent credit monitoring to minimise credit losses and improve the quality of our portfolio
Supply chain disruptions <ul style="list-style-type: none"> Supply chain disruption causing limited availability of used cars and motorcycles 	<ul style="list-style-type: none"> Slower receivables growth for vehicle financing 	<ul style="list-style-type: none"> Enhanced communication mechanism to create effective marketing campaigns Growing transaction volume via partnership with manufacturer and merchant incentive programmes
Technological Innovation <ul style="list-style-type: none"> Shifting customers' preference towards digital channels 	<ul style="list-style-type: none"> Low utilisation of digital application tool could cause loss in market share 	<ul style="list-style-type: none"> Launched digital onboarding with pre-assessment process Accelerated our digital transformation journey to provide a seamless customer experience, improve operation efficiency and cost savings Obtained a Digital Bank License for establishment of a digital bank in Malaysia
Growing ESG influence <ul style="list-style-type: none"> Greater interest and expectations on sustainable practises from stakeholders Heightened regulatory and reporting requirements related to sustainability governance, disclosure and risk management 	<ul style="list-style-type: none"> Inability to achieve ESG requirements in a timely manner 	<ul style="list-style-type: none"> Established sustainability-linked loans to promote sustainable financing Established Sustainability Framework and 3-year Sustainability Roadmap Embed good practices by fostering responsible ethics and conducts in our workplace

OUR VALUE CREATION MODEL



OUR PROMISE TO OUR STAKEHOLDERS

AEON CREDIT AND OUR CUSTOMERS

AEON Credit endeavours 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.

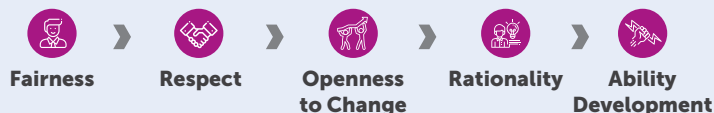
AEON CREDIT AND OUR BUSINESS PARTNERS

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

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

OUR HUMAN RESOURCE PRINCIPLES



STRATEGIC DRIVERS

OUTPUTS

Solutions

Impact on Stakeholders



DIGITALISATION

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



ENVIRONMENTAL, SOCIAL & GOVERNANCE ("ESG")

Deliver sustainable values to our stakeholders through ESG initiatives



OPERATION EFFICIENCY

To improve cost efficiency, increase operation productivity and business transformation



SALES AND RECEIVABLES GROWTH STRATEGY

Driving towards business expansion

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



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



PREPAID CARDS AND AEON WALLET

- AEON Member Plus Visa Card
- AEON Prepaid MasterCard
- Privilege Card for Hawkers & Petty Traders



SME FINANCING

Small and medium enterprises equipment financing



INSURANCE

Conventional and takaful insurance products including life insurance are distributed by AEON Insurance Brokers (M) Sdn. Bhd.

INNOVATIVE SOLUTIONS TO OUR CUSTOMERS

- Investment in data analytics to enhance product offerings to customers
- Strategic collaborations with AEON Group and over 8,100 merchants
- AEON loyalty programme to boost customer engagement
- Creating easy access to financial services for all communities

ENSURING ACCESS AND CONVENIENCE FOR OUR CUSTOMERS

- AMP cards in circulation: 2.40 million
- AEON Wallet downloads: 1.63 million
- Launched online application of AEON Credit products via AEON Wallet

GENERATING FINANCIAL VALUE FOR ECONOMY AND SHAREHOLDERS

- Profit after tax: RM417.69 million
- Dividend per share: 49.50 sen
- ROE: 18.84%
- Earnings per share: 159.62 sen
- Income tax paid: RM115.09 million

NURTURING OUR WORKFORCE

- Group's total remuneration for FYE2023: RM219.35 million
- Employee retention rate: 85.3%
- Average hours of training provided to employees: 16.50 hours (per employee)
- Board positions held by women: 40%
- Ratio of male to female employees: 1:2

SUPPORTING INDUSTRY AND COMMUNITY GROWTH

- Total payment to local vendors: RM407 million
- Total no of communities reached: 6,519 pax
- Total volunteer hours for CSR programmes: 6,292 hours

MANAGING RESOURCES AND ENHANCING ENVIRONMENTAL AWARENESS

- Environment preservation programmes
- Green Financing and Electric Vehicle ("EV") related initiatives in FYE2024
- Sustainability-Linked Loans ("SLL") totalling RM600 million
- Completed developing Scope 1 and 2 carbon emission profiles

Responding to feedback & change

Communicating through stakeholder engagement

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, people-oriented Company to work for in the world.

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	FYE2023 Results
<ul style="list-style-type: none"> Surge in impairment losses and non-performing loans. Lower financing growth and profitability. 	<ul style="list-style-type: none"> Implement an appropriate and effective Policy on Credit Risk Management. Set aside adequate provisions for credit losses whilst achieving acceptable risk versus reward performance. Establish appropriate Key Risk Indicator i.e. non-performing loans ("NPL") ratio and net credit cost ("NCC") ratio to monitor performance. Conduct credit risk stress test scenarios to manage potential vulnerabilities. 	<ul style="list-style-type: none"> The NCC ratio is within the "Satisfactory" threshold while the NPL ratio is on a fluctuating trend but still within the tolerance limit. The credit risk stress test results are within the tolerance limits.



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	FYE2023 Results
<ul style="list-style-type: none"> Unavailability of funds to sustain business. Insufficient cash to meet financial obligations. 	<ul style="list-style-type: none"> Implement an appropriate and effective Policy on Financial Risk Management. Prudent capital management. Establish appropriate Key Risk Indicators such as capital adequacy ratio and profitability ratio. Conduct interest rate risk and liquidity risk stress test scenarios to manage potential vulnerabilities. 	<ul style="list-style-type: none"> The capital adequacy ratio and profitability ratio are within the "Satisfactory" threshold. The interest rate risk and liquidity risk stress test results are within the tolerance limits.



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	FYE2023 Results
<ul style="list-style-type: none"> Substantial loss due to fraud and bribery. High staff attrition rate. Significant penalties and fines due to regulatory breaches. Loss of productivity and performance. 	<ul style="list-style-type: none"> Implement an appropriate and effective Policy on Operational Risk Management. Zero tolerance for internal fraud and bribery activities, while controls are in place to effectively check for external fraud. Ensure an effective control over attrition by implementing sound human resource policies and practices. Adhere to the applicable laws and regulations. No appetite for health and safety risk exposure that could lead to injury or loss of life to customers and employees. Establish appropriate Key Risk Indicators for incident monitoring i.e. fraud and bribery, staff attrition rate, regulatory breaches as well as health and safety. Adhere to Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") that have been put in place. 	<ul style="list-style-type: none"> The fraud and bribery, staff attrition rate, regulatory breaches and health and safety are within the "Satisfactory" threshold.



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 operating environment.

Impact On Value	Mitigation Strategies	FYE2023 Results
<ul style="list-style-type: none"> Financial loss and reputation damage due to breaches in data integrity and availability. 	<ul style="list-style-type: none"> Implement an appropriate and effective Policy on Cyber Security. Develop and implement Cyber Security Programmes to strengthen the Group's information systems. Implement an Information Security Management Systems ("ISMS") to secure information, increase resilience to cyber attacks, and reduce the costs associated with information security. Perform the assessment of the vulnerabilities of its operating environment. Conduct annual penetration tests on internal and external network infrastructure as well as critical systems. Establish appropriate Key Risk Indicators to monitor/ manage cyber risk. 	<ul style="list-style-type: none"> The cyber risk is within the "Satisfactory" level.

VALUE CREATION IMPACT TO STAKEHOLDERS



INNOVATIVE SOLUTIONS TO OUR CUSTOMERS

Investment

in data analytics to enhance product offerings to customers



Strategic collaborations with AEON Group and over

8,100 merchants



AEON loyalty programme

to boost customer engagement



Creating **easy access** to financial services for all communities



ENSURING ACCESS AND CONVENIENCE FOR OUR CUSTOMERS

AMP cards in circulation

2.40 million

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ROE

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Earnings per share

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Income tax paid

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Group's total remuneration for FYE2023

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Employee retention rate

85.3%



Average hours of training provided to employees

16.50 hours (per employee)



Board positions held by women

40%



Ratio of male to female employees

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SUPPORTING INDUSTRY AND COMMUNITY GROWTH

Total payment to vendors

RM407 million



Total no of communities reached

6,519 pax

Total volunteer hours for CSR programmes

6,292 hours



MANAGING RESOURCES AND ENHANCING ENVIRONMENTAL AWARENESS

Environment preservation programmes



Green Financing and Electric Vehicle ("EV") related initiatives in FYE2024



Sustainability-Linked Loans ("SLL") totalling **RM600 million**



Completed developing **Scope 1 and 2 carbon emission profiles**





LEADERSHIP TEAM

05



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47 Key Senior Management Profiles

BOARD OF DIRECTORS' PROFILES



NG ENG KIAT

Chairman
Non-Independent
Non-Executive Director

Nationality/Age/Gender

Malaysian/70/Male

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.

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

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

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

Ng has attended 14 Board meetings held during the year ended 28 February 2023. He holds 21, 321 ordinary shares directly in the Company.



DAISUKE MAEDA

Managing Director

Nationality/Age/Gender

Japanese/47/Male

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.

Maeda first started his career at AEON Credit Service Co., Ltd. from 1999 until 2005. He was transferred to AEON Thana Sinsap (Thailand) PCL 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 & Marketing.

Maeda was seconded to Representative Office in Cambodia where he held the position as the Chief Representative from February 2010 until October 2011. Then Maeda established AEON Microfinance (Cambodia) Co., Ltd. as the Managing Director and Vice Chairman in November 2011. Under his leadership, AEON Microfinance (Cambodia) Co., Ltd. obtained Specialised Bank License from National Bank of Cambodia, and became AEON Specialised Bank (Cambodia) Co., Ltd. where he continues the position as Managing Director and Vice Chairman from October 2015 until June 2017.

Maeda holds a Bachelor's Degree in Sociology from Kansai University, Japan.

Other than AEON Credit and ACS Digital Berhad, he does not hold any other directorship in any other public or public listed companies.

Maeda has attended 14 Board meetings held during the year ended 28 February 2023. He does not hold any shares in the Company.

Note:

None of the directors have any family relationships with any Director and/or major shareholder of AEON Credit, any conflict of interest with AEON Credit, or any conviction for offences within the past 5 years, except for traffic offences, if any.



**TOMOKATSU
YOSHITOSHI**

Independent
Non-Executive Director

Nationality/Age/Gender

Japanese/71/Male

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

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

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

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

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 holds the chair at both Remuneration Committee and Nominating Committee of the Company. He does not hold any directorship in any other public or public listed companies.

Yoshitoshi has attended 14 Board meetings held during the year ended 28 February 2023. He does not hold any shares in the company.



**S SUNTHARA
MOORTHY A/L
S SUBRAMANIAM**

Independent
Non-Executive Director

Nationality/Age/Gender

Malaysian/61/Male

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.

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 till 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.

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

Sunthara has attended 14 Board meetings held during the year ended 28 February 2023. He does not hold any shares in the Company.

BOARD OF DIRECTORS' PROFILES



**DATUK ADINAN
BIN MANING**

Senior Independent
Non-Executive Director

Nationality/Age/Gender

Malaysian/66/Male

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

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

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

He was appointed on 1 September 2019 as Board member of Urusharta Jamaah Sdn Bhd ("UJSB"), a company owned by MOF Inc. Presently, he is the Chairman of its Board Audit and Risk Committee and a member of the Company's Nomination and Remuneration Committee. On 1 March 2023, Datuk Adinan had been appointed as an independent Director of TH Heavy Engineering Berhad ("THHE") as well as THHE Fabricators Sdn Bhd of which both companies are subsidiaries of UJSB.

Datuk Adinan was the President of the World Savings Bank Institute (Asia Pacific Region) and had served as Treasurer of Persatuan Badan Berkanun Malaysia and was a council member of the Association of Development Financial Institutions of Malaysia.

He had also served as the Non-Executive Chairman of Prokhas Sdn Bhd and Non-Executive Chairman of BSNC Corporation Berhad. He was also a Board member of BSN, Prudential BSN Takaful Berhad, Permodalan BSN Berhad and Gibraltar BSN Life Berhad.

Currently, he is the Chairman of Board Risk Committee and a member of the Audit Committee of the Company. Other than AEON Credit, ACS Digital Berhad and THHE Berhad, he does not hold any directorship in any other public or public listed companies.

Datuk Adinan has attended 14 Board meetings held during the year ended 28 February 2023. He does not hold any shares in the Company.



**DATIN KHOO
PEK LING**

Independent
Non-Executive Director

Nationality/Age/Gender

Malaysian/71/Female

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 & Wales in 1977; and is a Fellow of the Institute of Chartered Accountants England & Wales, a member of the MICPA, a member of the MIA and a member of the Chartered Tax Institute of Malaysia.

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

She was on the Board of DFK International, an international association of independent accounting firms from 1992 to 1994. In January 2018, she retired from Folks DFK & Co and Azman, Wong, Salleh & Co after 35 years of professional practice in audit, taxation and insolvency services.

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

Datin Khoo has attended 14 Board meetings held during the year ended 28 February 2023. She does not hold any shares in the Company.



**DATIN YASMIN
AHMAD MERICAN**

Independent
Non-Executive Director

Nationality/Age/Gender
Malaysian/72/Female

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 and marketing. 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 and reputation management at some of Malaysia's largest institutions. In 2013, she authored and published 'The Right to Brand', a business book pioneering brand building methods for emerging market companies.

Currently, she is a governor and the Deputy Chair of the Malaysian Institute of Corporate Governance ("MICG") and a global trustee on the international board of AFS Intercultural Programs, New York (USA). At MICG she serves on the Strategy and R&D Committees and with AFS, she chairs the global Nominations Committee and is a member of the Strategy, Audit & Risk Management Committees.

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 (Malaysia). At AEON Malaysia, she has been a director with AEON Fantasy Sdn. Bhd. since 2011 and was the President of the Malaysian AEON Foundation between 2019 and 2021.

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

Datin Yasmin has attended 14 Board meetings held during the year ended 28 February 2023. She holds 20,000 ordinary shares directly in the Company.



**RASHIDAH BINTI
ABU BAKAR**

Independent
Non-Executive Director

Nationality/Age/Gender
Malaysian/67/Female

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 resigned from BNM in 1995 and joined private legal practice. Her area of practice was in conveyancing. She attended to financing documentation based on conventional as well as Shariah principles. She has 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 with effect from 15 April 2018.

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

Rashidah has attended 14 Board meetings held during the year ended 28 February 2023. She does not hold any shares in the Company.

BOARD OF DIRECTORS' PROFILES

**MITSUGU TAMAI**Non-Independent
Non-Executive Director**Nationality/Age/Gender**

Japanese/61/Male

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.

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.

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, he 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. In June 2021, Tamai was appointed as the Chairman of the Board of AEON Thana Sinsap (Thailand) Public Company Limited. In January 2022, Tamai was appointed as the Chairman of a non-listed company, ACS Trading Vietnam Co., Ltd.

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

Tamai has attended 13 Board meetings held during the year ended 28 February 2023. He does not hold any shares in the Company.

**LEE TYAN JEN**

Executive Director

Nationality/Age/Gender

Malaysian/49/Female

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.

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

In July 2021, her exemplary performance led to her appointment as Chief Operating Officer, while still heading her existing division and also serving additionally as Head of Marketing & Business Development Division.

Currently, she holds the position of Chief Operating Officer and Head of Marketing and Business Development Division.

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

Lee has attended 13 Board meetings held during the year ended 28 February 2023. She holds 42,257 ordinary shares directly in the Company.

KEY SENIOR MANAGEMENT PROFILES



DAISUKE MAEDA

Managing Director

Nationality/Age/Gender
Japanese/47/Male

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 42 of this IAR.



LEE TYAN JEN

Chief Operating Officer &
Head of Marketing and
Business Development Division

Nationality/Age/Gender
Malaysian/49/Female

Date of Appointment as Chief Operating Officer

1 July 2021

Date of Appointment as Head of Marketing and Business Development Division

1 October 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 46 of this IAR.



LEE KIT SEONG

Chief Corporate Officer &
Head of Corporate Planning
and Strategy Division

Nationality/Age/Gender
Malaysian/54/Male

Date of Appointment as Chief Corporate Officer

1 July 2020

Date of Appointment as Head of Corporate Planning and Strategy Division

6 April 2022

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 on areas covering finance & accounting, corporate finance, corporate management, governance, risk management and compliance. He served other financial institutions prior joining AEON Credit in 2012 as Assistant General Manager of Finance, Legal & Admin Division. He was designated as Chief Financial Officer in 2014 and remained in that position until 2020. Currently, he holds the position of Chief Corporate Officer.

Note:

None of the Group Key Senior Management have any family relationships with any Director and/or major shareholder of AEON Credit, any conflict of interest with AEON Credit, or any conviction for offences within the past 5 years, except for traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILES

**LEE SIEW TEE**

Chief Financial Officer &
Head of Corporate Management
Division

Nationality/Age/Gender

Malaysian/53/Female

Date of Appointment as Chief Financial Officer

1 July 2020

Date of Appointment as Head of Corporate Management Division

6 April 2022

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. She joined AEON Credit in 2019 as Head of Finance Group. In July 2020, she was appointed as the Chief Financial Officer. In her current position, her purview encompasses the Finance & Accounting Group, Group Corporate Management and Legal & Compliance Department.

**NAOMI MIKUNI**

Chief Credit Officer &
Head of Credit Operation
Division

Nationality/Age/Gender

Japanese/52/Female

Date of Appointment

1 October 2022

Academic/Professional Qualification

Diploma in International Business Administration

Directorship/Relevant Appointments

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

Relevant Experience

Having joined AEON Credit Service (Asia) Co., Ltd in 1995, she has more than 27 years of experience overseeing various operations including credit control and analysis, customer service, branches, operation centre and business development. Prior joining AEON Credit Service (M) Berhad, she was the Executive Director of AEON Microfinance (Myanmar) Co., Ltd. and later became the Managing Director in 2019.

**FAIZUL BIN HAMZAH**

Chief Risk Officer &
Head of Sustainability &
Risk Management Division

Nationality/Age/Gender

Malaysian/46/Male

Date of Appointment as Chief Risk Officer

1 July 2020

Date of Appointment as Head of Sustainability & Risk Management Division

6 April 2022

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

Having joined AEON Credit in 2001, he has more than 20 years of working experience in a wide range of areas such as credit assessment, customer service, product development, corporate affairs and corporate governance in AEON Credit. Prior to his current position, he served as Head of Corporate Governance & Risk Management Division.



KEN SHINOZAKI

Head of Information Technology
(IT) Division

Nationality/Age/Gender
Japanese/54/Male

Date of Appointment

1 September 2022

Academic/Professional Qualification

Bachelor of Arts

Directorship/Relevant Appointments

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

Relevant Experience

He joined AEON Co., Ltd. in 1991 with more than 20 years of experience in the IT field. This includes IT planning, information systems, back office system development and payment systems. His vast experience encompasses retail, pharmacy and financial services companies under the AEON Group.

He was appointed as the Executive Officer, heading the IT Department at Takiya Drug Stores Co., Ltd. in 2014.

In 2016, he was appointed as the President of AEON Credit Service Systems (Philippines) Inc.

Prior joining AEON Credit Service (M) Berhad, he was the Head of Payment System Department in AEON Financial Service Co., Ltd.



PHANG CHEE CHONG

Head of Internal Audit Division

Nationality/Age/Gender
Malaysian/56/Male

Date of Appointment

1 July 2020

Academic/Professional Qualification

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

Directorship/Relevant Appointments

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

Relevant Experience

He has over 30 years of internal audit experience in banking, finance company, life & general insurance, stockbroking and unit trust companies.

He was attached to other financial institutions and public listed companies prior joining AEON Credit in February 2015 as Assistant General Manager, Head of Internal Audit Group. He was redesignated as General Manager, Head of Internal Audit Group in June 2017 and promoted to Senior General Manager in December 2019.



CHEN HENG GUAN

Managing Director of AEON
Insurance Brokers (M) Sdn. Bhd.
(formerly known as Insurepro Sdn. Bhd.)

Nationality/Age/Gender
Malaysian/50/Male

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 sales and operations, product development, investor relations and corporate strategy.

He was attached to other financial institutions prior joining AEON Credit in 2003 as Branch Manager of Marketing Department and subsequently served in various financing divisions.

In 2018, he was promoted to Senior General Manager overseeing Corporate Strategy Division. In 2020, he was assigned to Insurance Project in AEON Credit. He was later appointed as the Managing Director of AEON Insurance Brokers (M) Sdn. Bhd. in 2021.



OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

06



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SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement ("Statement") highlights the drivers for AEON Credit Service (M) Berhad's ("AEON Credit" or "the Group") sustainability agenda, the associated commitments and management activities and also presents the Board's reflections of our sustainability achievements and performance as well as significant sustainability related plans moving forward. This Statement covers the period from 1 March 2022 to 28 February 2023 and has been prepared with reference to Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), specifically guidance from Bursa Securities's Sustainability Reporting Guide and Global Reporting Initiative ("GRI") Standards.

The Group places strong emphasis on Environment, Social and Governance ("ESG") in all that we do. ESG considerations take centre stage in our business strategies and operational plans and is embraced by all throughout the Group with the Board setting the tone at the top.

OUR APPROACH TO SUSTAINABILITY

Testifying to our embrace and practice of ESG, during the year under review, the Group achieved a number of notable ESG milestones, these are:

- Rated A in the Morgan Stanley Capital International ("MSCI") ESG Ratings.
- Silver winner for "The Most Consistent Performer Over 5 Years" under the Equities category at The Edge Malaysia ESG Awards 2022 which recognises ESG leadership.
- ASEAN Asset Class PLCs Award at the 2021 ASEAN Corporate Governance Scorecard Awards for our efforts in practicing good corporate governance across the Group's business strategies and operations.
- The first non-bank financial institution to secure a total of RM600 million in Sustainability-Linked Loans ("SLL") with a three-year tenure for the first time from two Japanese banks and a local bank.

Securing the SLL is of major significance for the Group as it facilitates us in contributing directly and promoting sustainability practices within our customer segments by encouraging and influencing deeper adoption of ESG. The SLL will be used as working capital for loans of which appraisals will be based on a pre-determined set of sustainability performance targets that are aligned to the Group's Sustainability Framework.

The successes in FYE2023 will spur us to escalate our ESG efforts moving forward. The following initiatives are already in motion:

- A Management Sustainability Committee ("MSC") constituted with seven (7) members of our Top Management has been established to provide dedicated leadership and oversight over sustainability matters.
- We have appointed an ESG consultant to expedite the Group's sustainability implementations through the development of our Sustainability Strategy.
- A 3-year Sustainability Roadmap along with associated initiatives, milestones and Key Performance Indicators ("KPIs") has been developed. The Sustainability Roadmap has already been finalised and the Group has completed determination of the Scope 1 and 2 carbon emission profile.
- The Group has also established a Sustainability Governance Framework to oversee and monitor the implementation of the 3-year Sustainability Roadmap.
- Preparatory steps towards the adoption of the recommendations by Task Force on Climate-Related Financial Disclosures ("TCFD") reporting regime to improve and increase reporting of climate-related financial information.

ESG HIGHLIGHTS

AEON CREDIT SECURES RM600M LOANS FROM 3 BANKS

Sustainability-linked proceeds to be used for working capital and refinancing purposes, among others.

KUALA LUMPUR: AEON Credit Service (M) Berhad has secured RM600 million in sustainability-linked loans (SLL) with three-year tenure from two Japanese banks and a local bank, namely Mizuho Bank (Malaysia) Ltd, MUFG Bank (Malaysia) Ltd and CIMB Bank Ltd.

The group said the SLLs are a recognition of its efforts in environmental, social and governance (ESG) practices, and the proceeds will be used for general working capital and refinancing purposes as well as to enhance the sustainability performance that would contribute to the United Nations Sustainable Development Goals.

In a statement today, AEON Credit said that upon securing the SLLs, the group's sustainability performance targets (SPTs) in accordance with the group's existing sustainability framework are established for environmental purposes.

"AEON Credit will be incorporating the SPTs into the assessment of business and financial performance where interest rate adjustment is subjected to the achievement of the targets," it said.

Managing director Dainike Manda commented that securing the SLLs marked another milestone for the group to continually strengthen its commitments towards ESG while creating long-term value for its stakeholders.

"As guided by the corporate philosophy of pursuing peace, respecting humanity and contributing to local communities, we recognise the importance of embedding the sustainability elements into our business model and daily operations."

"We have set our commitments including to be the market leader for electric motorcycle financing, provide financial inclusion for micro-enterprises, promote ESG education in schools, while continuing our efforts to work towards carbon neutral business and uphold good corporate governance practices," he added.

— Bernama

Aeon Credit secures RM600 million in sustainability-linked loans

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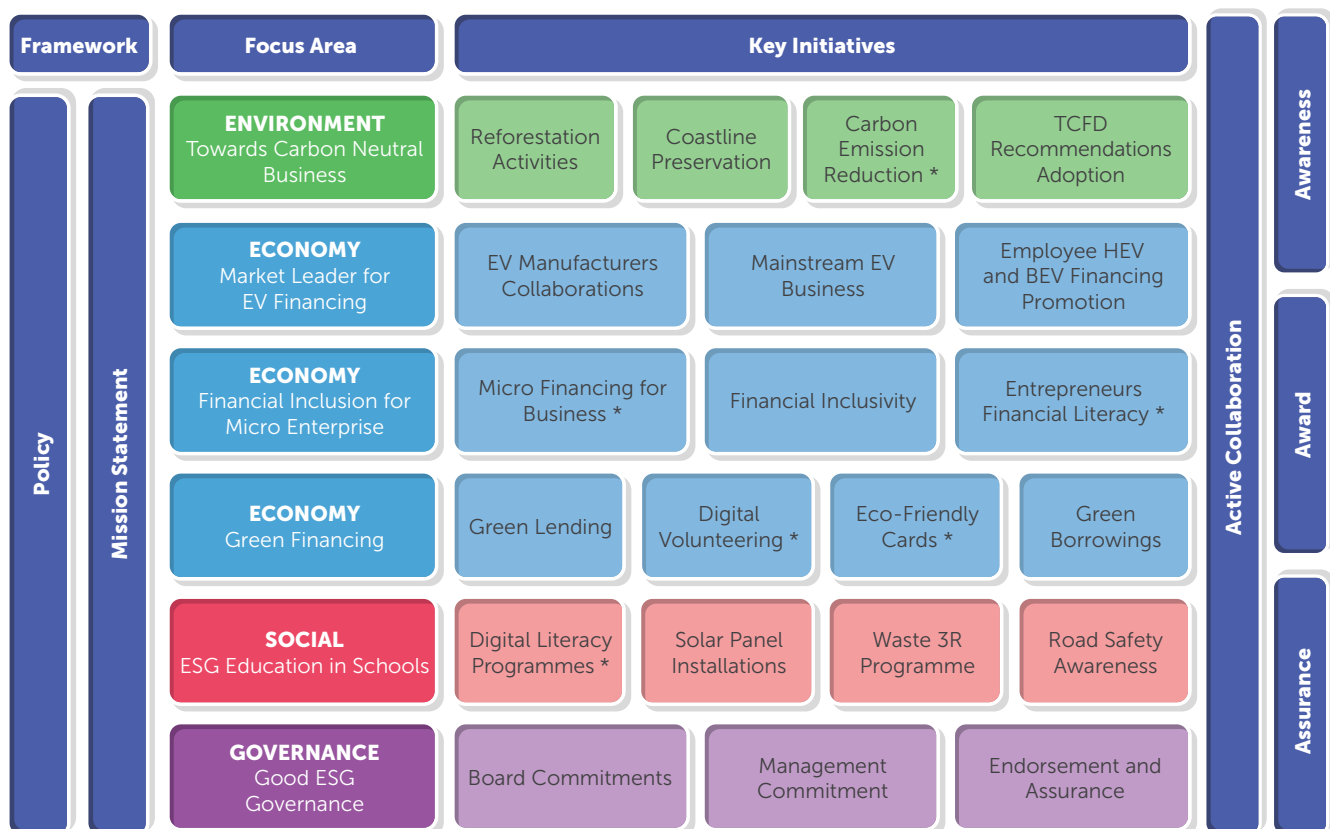
— Bernama

SUSTAINABILITY STATEMENT

SUSTAINABILITY ROADMAP

The Group has developed a 3-year Sustainability Roadmap with the intent of embedding ESG wider and deeper across our business and operations and to fulfil our sustainability commitments. Implementation of these initiatives under the Roadmap will directly contribute to our business sustainability and infuse it with considerations for social and planetary care.

The Roadmap addresses six (6) areas that can be individually identified to the core sustainability elements of Economy, Environment, Social and Governance ("EESG"), within each focus area we have formulated associated initiatives – a total of 21 initiatives – for implementation across a planned 3-year period. The diagram below illustrates our Sustainability Roadmap.



* Our commitment to digitalisation

The drive towards carbon neutrality is one of the focus area which addresses the environmental perspective of sustainability. Securing the SLL is a milestone achievement for Group and, importantly, it underscores the lenders' trust and belief in our commitment towards environmental conservation and protection.

The SLL will facilitate the Group in contributing directly to and promoting sustainability practices within our customer segments by encouraging and influencing deeper adoption of green practices - our financing will go towards low carbon mechanisms for renewable energy (solar panels) and transportation (electric vehicles, scooters and bicycles).

To ensure the SLL's objectives are achieved, they come attached with Sustainability Performance Targets ("SPT"), to measure the Group's achievement and impact in carbon reduction.

In line with our heightened focus on environmental conservation, the Group has completed developing both our Scope 1 and 2 carbon emission profile for FYE2022 and FYE2023 which are illustrated in the table below. The emission profiles provide an important information for the Group to formulate and execute our carbon management measures in particular, managing electricity consumption which is the main source of the Group's carbon emissions.

	FYE2022 (tonnes CO ₂)	FYE2023 (tonnes CO ₂)
Scope 1	108	167
Scope 2	2,255	2,295

The notable increase in carbon emission is principally due to a resumption of the Group's business activities to gradually reach pre-pandemic levels across FYE2023.

The Group has also made preparatory efforts towards adopting recommendations by the TCFD reporting to enhance sustainability through inclusion of climate-related financial information.

OUR APPROACH TO SUSTAINABILITY

The Group is guided by our basic principles of pursuing peace, respecting humanity and contributing to communities always with the interests of the customers at its core aligned with the objective of realising a sustainable society. In addition, we are also guided by the philosophy of our parent company, AEON Financial Service Co., Ltd. to support customers' lifestyles and enable each individual to maximise future opportunities through effective use of credit. From a sustainability perspective, the foregoing is brought to life through our practice of responsible lending and financial inclusion, for instance our AEON Privilege Card for Hawkers and Petty Traders equips hawkers and petty traders with capabilities to accept cashless payments ensuring they are not left behind in the nation's drive towards electronic payments.

We recognise the importance of embedding the sustainability elements into our business model and daily operations. To emphasise and formalise our commitment to sustainability we have framed the following commitment that applies to all the Group's constituents.

SHAPING OUR FUTURE IN FINANCIAL SERVICES THROUGH SOUND, INNOVATIVE AND SUSTAINABLE ESG PRACTICES AND INITIATIVES

The Group, has a fundamental goal, indeed a responsibility, to generate long-term value for our diverse stakeholders. We also recognise an inherent obligation to create value in a sustainable, ethical and responsible manner. In this regard, we maintain a relentless focus on constantly achieving a delicate balance between economic performance and sustainability developments so that financial objectives are achieved without compromising the equally important ESG considerations.

In addition, we realise that sustainability asserts a significant influence on the Group's business longevity and hence our ability to continue generating value, lending credence to the fact that without sustainability in business, the business is not sustainable.

To uphold our responsibility to create value in a sustainable, ethical and responsible manner, we will:



Play an integral part in meeting the needs of the local community for financial services through our 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 minimise impact on the environment from our operations.



Demonstrate how the Group gives back to the local community through activities which contribute to society in line with AEON's 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

Setting the Tone at the Top

At AEON Credit, sustainability starts at the highest level to explicitly signal commitment and ownership. Top level embrace of sustainability lends credibility to the Group's sustainability actions, promoting support 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 ("MD") and the Top Management team all take active part in shaping and embodying our sustainability agenda.

SUSTAINABILITY STATEMENT

In FYE2022, to deepen the involvement of Top Management in sustainability oversight and as an acknowledgement that sustainability warrants stronger and more dedicated attention, a Management Sustainability Committee ("MSC") was established. The MSC's members comprise the Chief Financial Officer, Chief Operating Officer, Chief Corporate Officer, Chief Credit Officer, Chief Risk Officer and Head of IT Division. The MD serves as the advisor to the MSC.

Led by the Group's Leadership, in particular the Board Risk Committee ("BRC"), we continue to raise the bar on sustainability to realise our duty of care for society and the environment.

Sustainability Governance

Sustainability Governance is exercised through a well-thought-out governance structure that involves participation from the highest level through to business units. This structure facilitates the proper enforcement and compliance to sustainability policies as well as effective oversight over the implementation of sustainability initiatives and fulfillment of our sustainability commitments.

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 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.

Top Management is represented in the MSC which is responsible for driving improvements and execution of the Group's overall sustainability strategies and 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 ("SWC") comprising key management personnel from business units supports our sustainability strategy development and executes sustainability initiatives. The SWC reports progress to and seeks guidance from the MSC and BRC, as the case may be, when required. The SWC also plays an important role in raising sustainability awareness and embedding sustainability practices across the Group's operations as well as embedding management practices to address any potential sustainability impact arising from operations.

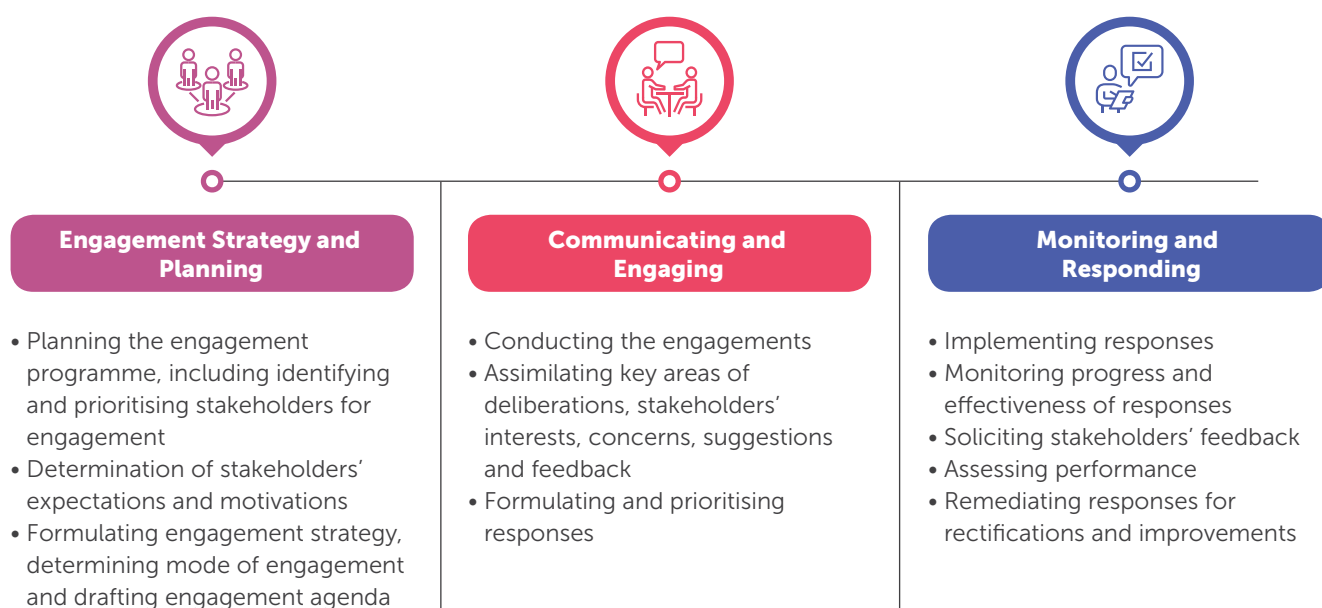
The Sustainability Governance Structure along with the roles and responsibilities of each component therein is further illustrated below:



STAKEHOLDER ENGAGEMENT

Stakeholder engagements are pivotal to identifying and prioritising the Group's material sustainability matters and formulating the most effective targeted responses. We value honest and constructive feedback from our stakeholders which contributes immensely to improve our management and fulfillment towards our sustainability commitments.












The Group conducts stakeholder engagements as a matter of course to solicit feedback, concerns and suggestions as well as to continually review and adapt our efforts to meet changing stakeholder expectations. 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. The Group adopts the staged approach depicted below for stakeholder engagement:



Details of our engagements with key stakeholder groups are tabulated below:






Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
Customers			
<ul style="list-style-type: none"> Critical to driving revenue Support attainment of market leadership Provide impetus for continuous improvement and innovation 	<ul style="list-style-type: none"> Business interactions Company website and social media Product launches Conferences/Forums/Seminars 	<ul style="list-style-type: none"> Customer service Feedback on products and services 	Excellent Customer Experience, Support & Access Business Innovation, Responsible Marketing, Product & Service Design

SUSTAINABILITY STATEMENT

Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 Government & Regulators			
<ul style="list-style-type: none"> • Compliance to laws and regulations • Ensure standards of prudence are practiced • Communicate introduction/ amendments to laws and regulations • Promote coordinated industry-wide contribution to country's economic recovery, strengthening and resilience • Promote industry-wide uniformity and consistency 	<ul style="list-style-type: none"> • Briefings/surveys • Submission/proposals • Commissions and inquiries • Financial institutions & associations 	<ul style="list-style-type: none"> • Compliance • Innovation in financial services • Contributing to economic recovery and strengthening resilience 	 Excellent Ethics, Governance, Risk & Compliance  Business Innovation, Responsible Marketing, Product & Service Design  Data Security, IT infrastructure & Digital Transformation  Excellent Customer Experience, Support and Access
 Shareholders & Investors			
<ul style="list-style-type: none"> • Source of capital to fund continued growth and expansion • Expectation of reasonable return for investment outlay • Provide impetus for continuous improvement and innovation • Upholding the Group's accountability and integrity 	<ul style="list-style-type: none"> • Virtual 25th Annual General Meeting (AGM) • Quarterly Analyst Briefings • Retail Business Partners Engagement • One-to-one/group Investor Relations meeting • Research house coverage • Integrated Annual Report 	<ul style="list-style-type: none"> • Business strategies • Business transformation • Financial performance • Corporate governance, ethics and integrity • ESG performance 	 Financial Performance  Data Security, IT infrastructure & Digital Transformation  Business Innovation, Responsible Marketing, Product & Service Design  Excellent Ethics, Governance, Risk and Compliance  Environment Management

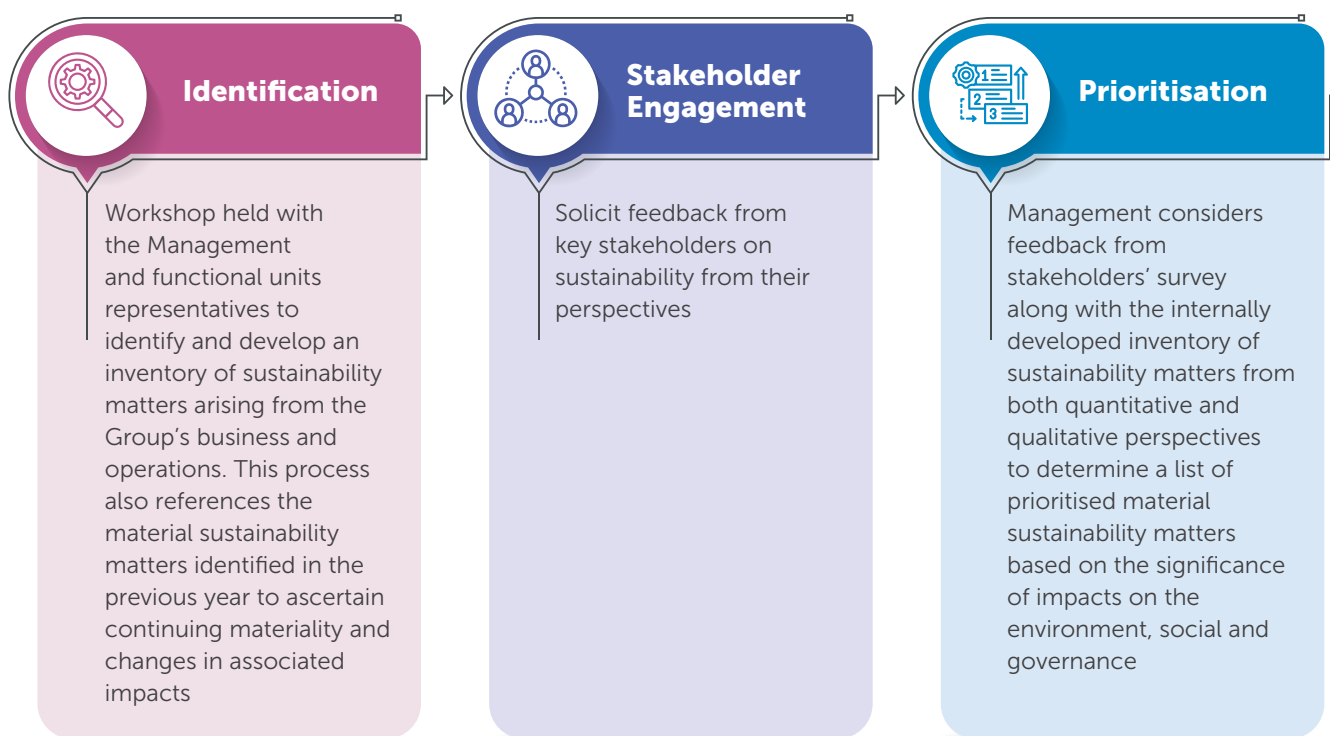
Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 Employees			
<ul style="list-style-type: none"> • Entrusted to conduct operations from which revenue is generated • Hold responsibility for prudent, ethical and responsible conduct of operations to safeguard Group's interests • Represent a principal avenue of interaction with customers, suppliers and other interested stakeholders 	<ul style="list-style-type: none"> • Formal meetings • Training programmes • Townhall meetings • Team-building activities • Employee Hotline • Employee engagement surveys 	<ul style="list-style-type: none"> • Culture, diversity and inclusion • Health, safety and well-being • Employee grievances • Training, professional and career development 	 Financial Performance  Employee Benefits, Employee Engagement Programmes  Employee Health, Safety and Well-being
 Merchants & Business Partners			
<ul style="list-style-type: none"> • Facilitate collaboration for mutual benefits • Knowledge sharing • Source of potential business opportunities 	<ul style="list-style-type: none"> • Merchant service • Support channels • Innovative partnership programmes • Business alliance and networking • Corporate events 	<ul style="list-style-type: none"> • Business opportunities • Business strategies • Innovations and continuous improvement 	 Financial Performance  Business Innovation, Responsible Marketing, Product & Service Design
 Suppliers			
<ul style="list-style-type: none"> • Source of consumables and services required in operations • Source of expertise and domain knowledge for example, technical knowhow required to support or enhance efficiency of operations 	<ul style="list-style-type: none"> • Events • Meetings • Networking interactions 	<ul style="list-style-type: none"> • Efficient and responsible procurement processes • Transparency in procurement processes 	 Transparency in Procurement Process  Excellent Ethics, Governance, Risk & Compliance
 Local Communities/NGOs			
<ul style="list-style-type: none"> • Our customers are members of the community • Opportunity for the Group to share returns with and give back meaningfully to the community • Integral to continued support from customers 	<ul style="list-style-type: none"> • CSR activities • Sponsorship of events 	<ul style="list-style-type: none"> • Community support, aid and assistance • Volunteering • Social welfare • Education 	 Strategic Community Investment

SUSTAINABILITY STATEMENT

Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 Media			
<ul style="list-style-type: none"> • Integral part of Group's communications in particular to the public avenues • Ability to reach wide audience and is easily accessible • Crucial means to keep the public informed of significant developments and events • Lends credibility to Group's communications 	<ul style="list-style-type: none"> • Press releases/ interviews • Annual General Meeting • Corporate events • Digital and social channels 	<ul style="list-style-type: none"> • Business strategies • Financial performance • ESG performance • Conduct and culture • Community support 	 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 in the previous 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 arising during our stakeholder engagements to ensure that the material sustainability matters are balanced and feedback from our stakeholders are being incorporated. The following process is adopted in conducting the materiality assessment:



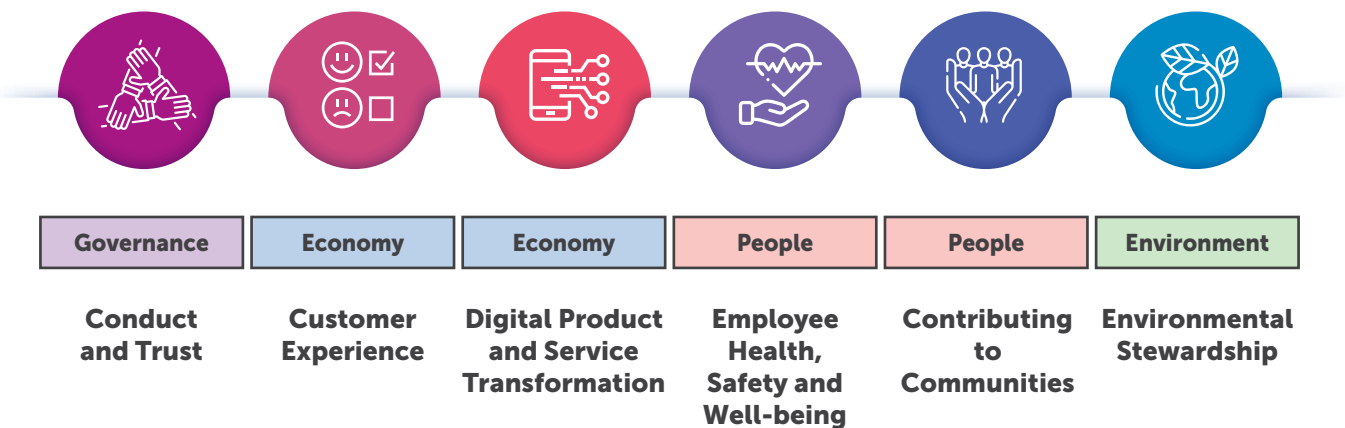
The table below lists AEON Credit's material sustainability matters for FYE2023:

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

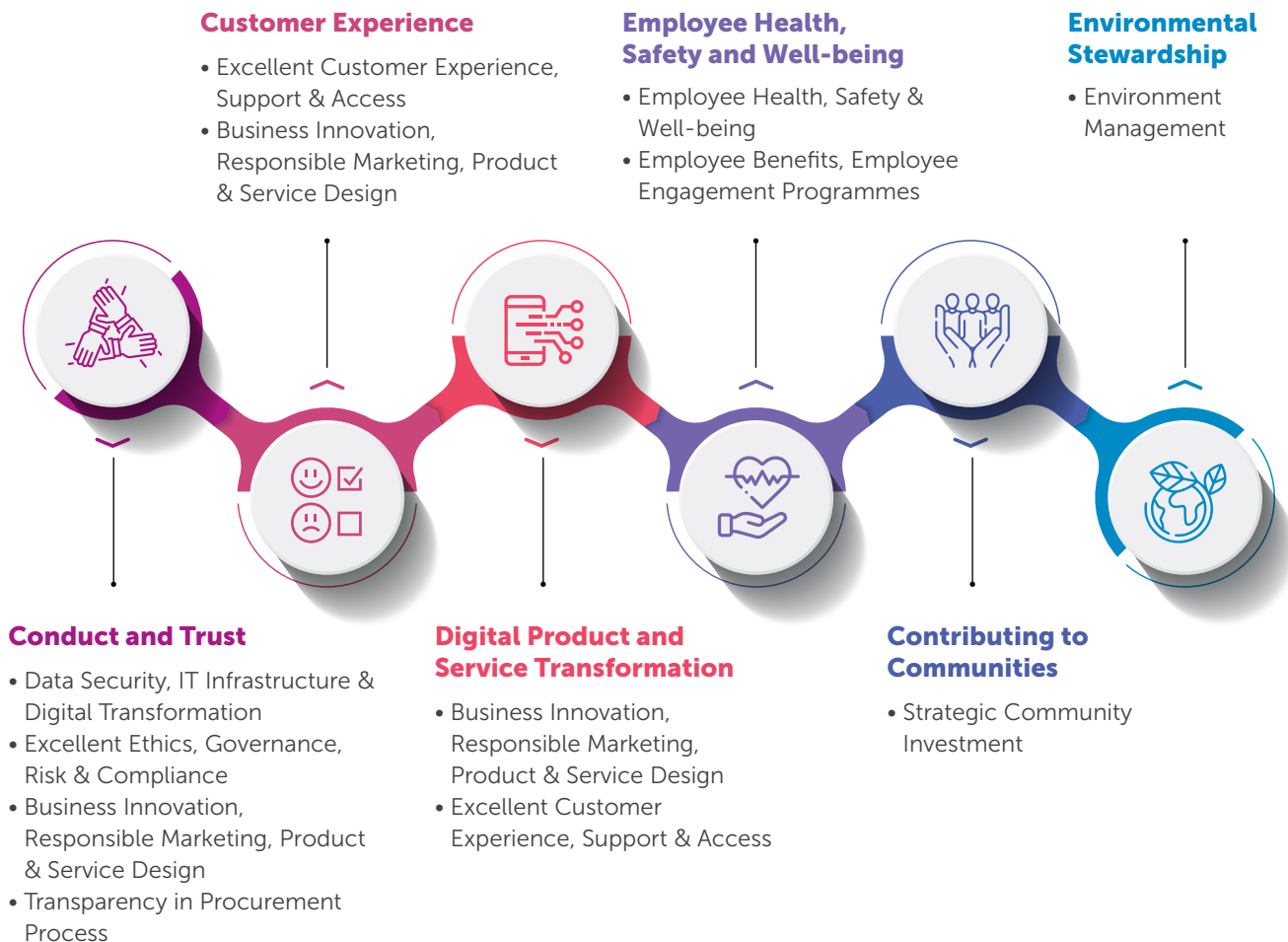
SUSTAINABILITY STATEMENT

SUSTAINABILITY PILLARS

The Group's sustainability management revolves around six (6) pillars which represents the foundation of our business success, growth and resilience. This ensures that sustainability considerations are embedded across our business from strategies through to operations. Each pillar targets an overarching sustainability focus area. The six (6) pillars and their associated sustainability area is illustrated below:



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



1

CONDUCT AND TRUST



As a leading financial services provider, ethical and responsible behaviour has always been paramount to the Group. We place great importance in ensuring our customers are fully informed and their interests are secured and protected. This is critical to preserving our good name and reputation in the market as our sustainability and continued growth as a business hinges significantly on having an impeccable reputation. We spare no effort in ensuring that we comply with all laws and regulations governing our business. The Group's workforce and our business associates are mandated to conduct themselves ethically, professionally and with integrity. This also has a significant bearing on our reputation and how we are perceived by our stakeholders. Hence, it is imperative that our conduct reflects strong corporate governance and commitment to be good corporate citizens.

There are four (4) material sustainability matters under our Conduct and Trust pillar:

(a) Data Security, IT Infrastructure & Digital Transformation

(i) Business Continuity Management and Cyber Security

The Group operates in a business environment that is intensely competitive, where digital service and product delivery channels are ubiquitous and 24/7 availability is the norm. The application and leverage of information technology ("IT") is a "business as usual" expectation in the financial services industry and indeed, a key factor in securing customer loyalty and retention. The Group recognises this critical change in our customers' demands and has responded by instituting a Digital Transformation Programme. This Programme which is currently on-going aims to widen and deepen digitalisation across our operations. Notably, initiatives under this Programme were instrumental to ensuring that the Group ably weathered the effects of the COVID-19 pandemic restrictions across the past two years by providing contactless, electronic channels to conduct business and continued customer interactions.

The COVID-19 pandemic has promoted the ubiquitous and widespread use of contactless, electronic channels. As the pandemic abates, it has left an enduring effect in the form of the increased and embedded use of electronic means of interaction and 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 communication makes it imperative for the Group to ensure security around online transactions.

Digitalisation and the wider application of IT and has, in tandem, brought a critical need for the constant strengthening of our cyber security to ensure the Group's systems and data are secured and protected against malicious attacks. The Group places great importance in 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 and Cyber Incidents Response Plan 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 Business Functions ("CBF") were tested to ensure they are accessible to conduct live transactions. The Group successfully conducted BCP testing in January 2023 in accordance with Bank Negara Malaysia's ("BNM") Business Continuity Management guidelines and internal procedures. The BCP witnessed the increased mobilisation of staff from CBF so that test results are more comprehensive and reflective of actual operational circumstances, which in turn, facilitates more effective formulation and implementation of indicated remedial actions.

SUSTAINABILITY STATEMENT

In response to the growing sophistication of cyber threats, the Group has strengthened vigilance and surveillance capabilities to execute immediate and appropriate responses to threats as well as to build preparedness to emerging threats, these will collectively ensure the continuous availability of services and provide comfort that both customer and the Group's data are adequately protected. We have a 24/7 IT Security Operation Centre to monitor cyber related attacks on real time basis for immediate responses. Stringent security measures are also in place on all personal computers and IT Security tools such as Data Loss Prevention, File Integrity Management and Intrusion Prevention System 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 Group's annual cyber security drill was conducted in February 2022 with heightened scenario severity to more comprehensively test on our cyber security posture.

Subsequently in FYE2023, a role play simulation with the scenario "Ransomware attack which crippled production, disaster recovery as well as the end users access" was conducted with the Crisis Management Team as well as relevant key stakeholders. This has yielded a more practical approach to combatting cyber-attacks and actions to further strengthen the cyber security incident response team.

(ii) Customer Data Protection

Being significantly retail oriented, the Group has a significant base of customers that will continue to grow as the Group expands. As a consequence, the Group has also built up a substantial customer database which will continue to grow as the Group expands its business growth. By leveraging on data analytics tools, the Group will be able to gather richer and more granular data to discover better ways to meet our customers' needs and expectations in order to serve them better. Given the foregoing, it is imperative to secure the confidentiality and privacy of these data and to protect and prevent exposure to intrusions, theft and misuse.

The Group is certified in ISO 27001:2013 Information Security Management Systems ("ISMS") which validates the structured processes in place to safeguard information and data security. This certification was successfully recertified by an independent third party certification body in FYE2023. The ISMS certification also provides assurance to both internal and external stakeholders of the Group's information security management and risk mitigations.

Confidentiality, privacy, integrity and availability of critical information are fundamental principles enshrined in the Group's Integrated Management System Policy. The Personal Data Protection Act 2010 and secrecy provisions under the Financial Services Act 2013 govern our customer data management policies and processes.

Training and awareness programmes are regularly conducted as a matter of course to continuously enhance employees' understanding and build awareness of the Group's 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. Importantly, the training also serves to reinforce responsibilities for customer data protection and the consequences of failing to do so.

(b) Excellent Ethics, Governance, Risk & Compliance

(i) AEON Code of Conduct

The AEON Code of Conduct ("CoC") dictates the Group's stringent standards on how we conduct business and is mandatory for all the Group's employees. The CoC documents the Group's principles of good governance, integrity and ethical and responsible conduct that is mandated for all employees to follow 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, AEON Credit has been certified in ISO 37001:2016 – Anti-Bribery Management Systems (“ABMS”). This certification validates the processes in place to prevent, detect, and address events of bribery. Our ABMS reinforces our basic integrity principle and embeds an anti-bribery culture within the Group. The ABMS 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.

The ABMS embeds within our employees and business associates a responsibility to carry out their duties conscientiously and responsibly to mitigate the risk of corrupt activities or actions. We conduct Anti-Bribery Risk Assessment annually to identify potential risks and assess the adequacy of controls in place, with the aim of strengthening the existing Group policies and procedures, where weaknesses and deficiencies are observed. The Group’s ISO 37001:2016 ABMS certification was successfully recertified in FYE2023 by an independent certification body.

Training is regularly provided to reinforce requirements of the policy of ABMS and to continuously promote and embed an anti-bribery culture.

The following initiatives were conducted in FYE2023 in relation to anti-bribery:

- An anti-bribery awareness e-Learning session was conducted with a significant 90% of attendees satisfactorily passed the accompanying evaluation;
- The annual anti-bribery e-Learning was completed in December 2022 where 3,055 out of a total of 3,078 participants passed the accompanying evaluation, representing a passing rate of 99%. 11% (335) of the participants were from our management level with the remaining 89% (2,743) were non-management; and
- Initiation of the annual Anti-Bribery Pledge for both internal (via online submission of Anti-Bribery Pledge) and external stakeholders (via completion of Integrity Declaration).

In FYE2023, there was no reported case of corrupt act by any Group employee and, in line with the Group’s integrity principle, no political contributions were made either directly or indirectly by the Group.

AEON Credit’s policy of ABMS which was 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:



(iii) Compliance

As a financial services provider, like every similar enterprise across the world, the Group is governed and subject to stringent regulations and compliance requirements to ensure our nation’s continuing economic stability and to protect our customers’ interests. Regulatory oversight of our business and operations is performed by, amongst others, BNM, Bursa Securities and Kementerian Perdagangan Dalam Negeri & Hal Ehwal Pengguna.

The BRC is entrusted to support the Board in oversight of risk management and compliance and, in this regard, exercises dedicated and constant vigilance to ensure risks inherent to our business are appropriately managed and balanced against our economic objectives. As well, the BRC conducts constant monitoring to ensure the Group satisfactorily complies with all governing laws and regulations.

Given the strategic nature of our business and its impact on the nation’s economy, non-compliance to laws and regulations can have a devastating impact on our sustainability as a business and put the interests of the Group’s stakeholders at risk. To ensure continuous compliance, the Board has approved the Compliance Framework which governs processes that drive compliance across the Group’s business and operations. Group-wide training and awareness activities were conducted to reinforce accountability and ownership of compliance processes across business units as well as to inculcate a risk-aware culture.

SUSTAINABILITY STATEMENT

Maintaining our FYE2022 performance, in FYE2023 there were no instance of non-compliance to any law, policy or regulatory guideline issued by AEON Credit's oversight authorities.

The Legal and Compliance Department, and the Sustainability and Risk Management Department, work in collaboration with business units in monitoring and managing compliance risks through conducting periodic reviews of related policies and internal controls.

(iv) Whistle-Blowing Channels

In line with good practices for corporate safeguards against wrongdoing or risky or unethical behaviour, AEON Credit has instituted range of whistle-blowing channels so as to provide ease of access and better alignment with reporting parties' specific preference. These channels include:

- AEON Code of Conduct Hotline through which 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;
- Email to the Senior Independent Director at eSID@aeoncredit.com.my, this channel is available to any business partner, customer, other stakeholder or member of the public who has knowledge of any irregularity or improper conduct;
- Reporting to the Business Ethics Team, HQ AEON Co., Ltd., Japan through the online portal: <http://aeon-ethics.secure.force.com/>, this channel serves 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;
- Legal Attorney Hotline: report_aeonglobal@yglpc.com, this channel directs reports to an external legal attorney commissioned by the Group to receive the e-mailed reports which will be forwarded to the Group's COC Promotion Officer for further action; and
- Letter addressed to Chief Risk Officer, AEON Credit Service (M) Berhad.

All reports will be investigated in a confidential manner with the appropriate whistle blower safeguards and protections in place and further action will be taken, where necessary.

In FYE2023 there were 21 reports received on our whistle-blowing channels that were investigated and brought to proper closure.

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

(i) Responsible Financing/Financial Inclusion

Competitive advantage in the financial services industry is driven to a significant extent by innovation. Accordingly constant innovation is critical for the sustainability and expansion of the Group's business. Innovation is also important for the Group to enlarge and protect our market share.

The Group relentlessly focus on developing innovative new and enhanced products and services to meet our customers' evolving demands and to develop novel approaches to customer interaction to enrich their experience when dealing with the Group. Our product and service development efforts are guided by our commitment to financial inclusion, witness our AEON Privilege Card for Hawkers and Petty Traders that equips hawkers and petty traders with capabilities to accept cashless payments ensuring they are not left behind in the nation's drive towards electronic payments. We have also formulated an initiative under our 3-year Sustainability Roadmap to develop and embed financial literacy among entrepreneurs as part of our commitment to financial inclusion.

The Group has always been ahead of its time in serving certain segments of the underserved market. Over the years, our involvement with the underserved market has afforded us a significant understanding of the characteristics and needs of this market which we have leveraged to build capabilities to serve them more effectively along with capabilities to manage and mitigate risks unique to this community.

In all cases, our marketing and customer prospecting efforts are tempered with a strong sense of responsibility to ensure that our customers' exposures are manageable and aligns with their servicing capabilities. Clear and concise product information is provided to customers to ensure important information and risk disclosures are highlighted and understood. Employees are equipped with sound knowledge of product features and ethics to promote the products based on customer needs and provide requisite information to customers to help them in their decision making and to understand their obligations.

Justified financial assistance and aid to weather challenges and difficult times is also, to the Group, a form of financial inclusion, in fact one that serves a higher humanitarian cause - supporting those economically impacted by the COVID-19 pandemic is a compelling case in point. Although the pandemic started to abate in early FYE2022 leading to the country transitioning to the endemic phase, the lagging effects of the pandemic was still experienced by vulnerable groups.

Accordingly, in FYE2023, the Group's financial assistance and aid efforts were focused on event-triggered activities, specifically supporting customers affected by the pandemic imposed restrictions. The Group engages with affected customers to discuss, and where appropriate, propose "debt restructuring" or "rescheduling" programmes in order to facilitate them in meeting their obligations. In this regard, customers also have access to Agensi Kaunseling dan Pengurusan Kredit ("AKPK") for advice on managing their obligations.

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 group, have convenient access to suitable and affordable financial services in contributing towards equitable and sustainable growth.

(d) Transparency in Procurement Process

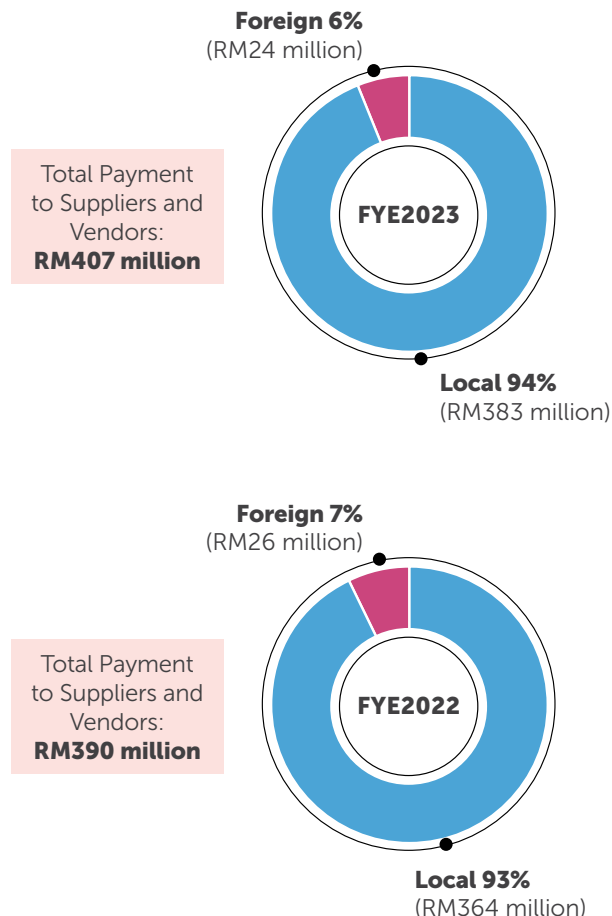
(i) Procurement Governance

AEON Credit practices and enforces transparency in our procurement process to ensure equitable treatment of suppliers and vendors. We manage our procurement

professionally and ethically in a manner consistent with best practices. Procurement of goods and 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.

(ii) Proportion of Local Procurement

AEON Credit has a commitment to source and procure from local vendors and suppliers to support their continued development and contribute to national economic development. In FYE2023, payments to foreign suppliers and vendors further declined to 6% of total payments compared to the 7% recorded in the previous year in spite of a 4% increase in total payments.



SUSTAINABILITY STATEMENT

2

CUSTOMER EXPERIENCE



Excellent customer experience is an imperative across the Group. Our basic principles has the customer as the core focus – we bring this to life every day in all that we do. The Group strives to deliver beyond our customers' expectations and in the process provides an excellent customer experience. We hold a strong conviction that excellent customer experience is foundational to building customer loyalty, customer retention, increasing the Group's market share, enlarging our customer base and consequently, achieving revenue growth.

In addition, it is an acknowledged fact that customer experience excellence is a significant differentiator, especially so in our intensely competitive industry. The Group has two (2) material sustainability matters under our Customer Experience pillar:

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

Understanding our customers is the bedrock of our business approach, we continually seek to understand our customers' needs, their expectations and where we can further improve. We recognise that only with an intimate understanding of our customers can we frame product and service propositions that are targeted to meet their requirements. In this regard, we place strong emphasis on a two-way relationship with customers and value their objectives and honest feedback. Such feedback spurs us to continuously improve so as to enhance our value propositions and service quality. The Group has in place a variety of touchpoints to facilitate customer contact.

AEON Credit's Customer Touchpoints

Live chat

Website online
feedback form

Email



Telephone calls

Walk-in to AEON
Credit branch

Consistent with the previous year, all complaints received through customer touchpoints in FYE2023 were resolved within the committed turnaround time

In keeping with customer demands for 24/7 availability and convenience of access, we have facilitated secure online transacting and interactions – this is also driven by the need for contactless remote access during the COVID-19 pandemic and, in the new normal, is here to stay. An initiative launched in FYE2023 was the Google Ratings tracking for all our branches nationwide to provide the Group with insights from customer reviews of our branches – this will facilitate the institution of improvements, where indicated to further enhance customer experience.

(ii) Customer Service Focus

In support of continually maintaining high standards in customer service, the Group has attained the ISO 9001:2015 Quality Management Systems certification. This certification, which ensure customer service processes are consistent and always kept at high standards was successfully recertified in FYE2023 by an independent third party certification body.

Our customer-facing employees lie at the frontline of customer interactions. Our frontliners give customers their first impression of the Group and their behaviour, approach and orientation are invariably taken as being representative of the Group. Hence, the Group takes great pain in shaping, training and developing our frontliners to be good ambassadors of the Group. Customer service programmes and initiatives are an integral part of inducting newly recruited frontliners and continuously developing the incumbents.

In FYE2023, the following were conducted as part of the Group's continuous efforts in promoting and embedding excellent customer service.

- Net Promoter Score by way of a Customer Satisfaction Survey to measure overall customer satisfaction of our services based on the below four (4) customer service touchpoints:
 - i. loan disbursement
 - ii. credit card activation
 - iii. full loan settlement
 - iv. contact centre
- "Power of One" customer service programme
- We continued to conduct our Service Excellence Award Programme for both Customer and Merchant Ambassadors (WoW Compliment). This Programme, which has proven effective in previous years in motivating customer service excellence, recognises our AEON Ambassadors who received compliments from customers for services rendered and serves to embed and reinforce a mindset of responsiveness in internal and external customer interactions.

AEON Credit's Service Excellence Award		
No. of Awards Won	FYE2022	FYE2023
 Gold Award Achievers	39	50
 Silver Award Achievers	227	169
 Bronze Award Achievers	375	343
Total	641	562

The Group conducts 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 also routinely conducted for existing employees and new hires. The following customer service training were conducted in FYE2023:

- i. customer handling management
- ii. fundamentals of customer service (soft skills)

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

Innovation is an inescapable requirement for the Group to continue to thrive in the financial services industry and be sustainable as a business. Against a backdrop of intense competition and customers that are increasingly demanding and sophisticated, innovation is critical for the Group to maintain our position as a leading financial services provider. Absent innovation, customer churn will take place eroding the Group's ability to continue generating value for our stakeholders.

The Group relentlessly pursues innovative ideas in developing new product and service offerings in order to acquire new customers and originate new business while retaining our existing valued customers. Our innovative spirit is best epitomised by financial inclusion products, targeting the underserved market, that we have introduced, for instance credit products for the new-to-workforce or new-to-credit segments as well as the aforementioned AEON Privilege Card for Hawkers and Petty Traders.

The Group's Digital Transformation Programme has been pivotal in our efforts to innovate. We are adopting and widening digitalisation as an intrinsic part of our continuing efforts to enhance our product and service offerings and bring greater convenience, ease of access and enhanced 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 takes centre stage to ensure that dealings with our customers are on fair and equitable terms. The Group recognises that 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. The Group takes great pains in designing fit-for-purpose products and services that align with the requirements of our customers both in terms of meeting their financial needs as well as their need for transparency, predictability and clarity.

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 before committing. 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 promote customer "stickiness".

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

SUSTAINABILITY STATEMENT

3

DIGITAL PRODUCT AND SERVICE TRANSFORMATION



Digitalisation has become the norm across enterprises globally, both public and private. The emergence of new technologies and their maturity has provided the impetus for businesses to leverage these technologies to enhance revenue, optimise cost, improve operational efficiency and sharpen their competitive edge. Financial services is one of the industries at the forefront of digitalisation and adoption of proven new technologies and the Group is keeping pace through our Digital Transformation Programme.

Our digitally-focused Transformation Programme is a strategic imperative and a prerequisite for the Group to compete effectively against our competitors who are also heavily invested in digitalisation. Additionally, digitalisation facilitates cost optimisation and enhances operational efficiency, both of which are critical to ensuring that the Group continues to generate reasonable returns from our business given that revenue pressures are constant in our intensely competitive industry. The Group has two (2) material sustainability matters under the Digital Product and Service Transformation pillar:

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

Digitalisation is pivotal to translating the Group's innovation concepts and ideas into reality in the form of new products and services, enhancements in customer service and experience as well as improved operational efficiency. As a key enabler, digitalisation also facilitates the Group in bringing to life our financial inclusion efforts as is evident in our AEON Privilege Card for Hawkers and Petty Traders offering.

In tandem with our continuing Digital Transformation, the Group places continuous attention to building and strengthening our digital capabilities within our workforce to ensure that skills are kept current and aligned to our priorities and strategic direction. 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.

The Group considers our Digital Transformation Programme as a journey to widen and deepen the leverage of digital technologies across all facets of our operations over time. The journey continued in FYE2023 with the implementation of the following initiatives:

- Easy Payment ("EP") self-e-KYC - which allows customers to perform the KYC processes at their own leisure without the need to visit the merchant sites. As well, merchants can reach their customers easily for completion of KYC processes faster and more securely.

- Embedded AEON Wallet functions into iAEON, the AEON Group's mobile app for AEON Retail which combines payment, points, store information and financing application.
- Facilitating application for AEON Member Plus Visa Card ("AMP"), Personal Financing and Credit Card via mobile app and enabling user to perform "Scan & Pay" via QR code at all AEON Retail Outlets.
- 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 virtual card.
- Redesigned AEON Wallet user interface ("UI") and user experience ("UX") for better user experience.
- Implementation of Artificial Intelligence ("AI") technology to advance consumer behavior analysis in order to support targeted marketing and effective cross selling, and improving customer onboarding speed and experience.

As the Group continues to progress in our Digital Transformation journey, the following initiatives are in the pipeline for FYE2024:

- Additional functionalities for AEON Wallet: Inbox, In-app Tutorial, e-Donation, Financing Repayment, and Peer-to-Peer payment functions; and
- Further enhancements to EP self-KYC for greater operational efficiency while improving the overall user experience for customers and merchants.

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

(b) Excellent Customer Experience, Support and Access

Our Digital Transformation Programme has a specific focus on customers in line with our basic principle of placing our customers at the core. The Group is continuously working on enhancing our customers' experience and providing them with products and services that are relevant and most importantly, meet their needs. For instance as noted above,

we have embarked on an initiative to apply AI in customer behaviour analytics to determine ways to improve our products, their associated features and develop more effective and targeted customer servicing approaches. Our capabilities, which we continuously improve, have extended to providing customers with the convenience of 24/7 availability anytime, anywhere access through a range of devices.

It is notable that our digital transformation efforts commenced ahead of the COVID-19 pandemic and our efforts – the digital platforms developed – came to fruition in time to support business continuity. Thus, customer interaction, servicing and transacting, were effectively supported and largely uninterrupted across the period of the pandemic.

Significantly, the use of our digital platforms during the pandemic also had the effect of building familiarity in electronic transacting and interacting within our customer base and, in the process, provided them with the comfort and assurance of security. This has driven increased customer uptake and an attendant increase in the Group's electronic transaction volumes. Besides, digitalisation has fortified the Group's sustainability as a business and provided us with capabilities to compete effectively in the market.



SUSTAINABILITY STATEMENT

4

EMPLOYEE HEALTH, SAFETY & WELL-BEING



Our workforce is undeniably the Group's backbone, we are defined by the excellence of our people. Accordingly, it is incumbent on us to secure their well-being and keep them engaged and passionate about delivering their best at all times. The Group recognises the central role a skilled and competent workforce plays an important role in fortifying our business sustainability and resilience. We intend to attract, nurture and retain the best talent to take our business forward. Reciprocating our workforce's contributions and in recognition of their efforts we strive to provide them with a competitive remuneration and support their continuing development of skills and competencies.

Equality as well as diversity and inclusion underpin our Human Resources policies. Further, the Group recognises the importance of workplace safety to the health of our workforce and acknowledges this as an intrinsic part of our responsibility to care for the well-being of our people. There are two (2) material sustainability matters under the Employee Health, Safety and Well-being pillar:

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

All employees are covered under the Group's Occupational Safety and Health ("OSH") Management System, similar to FYE2022.

AEON Credit's 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.

The Group's Emergency Response, Safety and Health and Housekeeping Guidelines ("ERSH") Committee chaired by the MD has, as their principal responsibility, formulated and reviewed the Group's OSH Policy with reference to the Occupational Safety and Health Act 1994.

Detailed guidelines in relation to hazard identification and risk assessment are outlined in the ERSH document to support the maintenance of a safe workplace. The Group also endeavours to provide a safe and conducive working environment for all its employees and non-employees alike. The Group conducts audits on a need basis on incident investigation, hazard identification and risks assessment relating to incidents, to determine corrective actions and improvements needed in the OSH Management System.

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, these are run concurrently with their induction programme. All appointed Fire Marshalls are given training on Essential First Aid and Fire Marshall Refresher Course on a periodic basis. The following OSH-related training were conducted in FYE2023:

- In collaboration with Cert Academy, a leading local first aid and safety related training provider, the Group conducted a two-day basic occupational first aid, Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED") training across several regions to enhance our employees' first aid knowledge. This knowledge is essential for first responders to emergencies; and
- Fire Marshall training.

(ii) COVID-19 Preventive Measures

The COVID-19 pandemic started to abate in early 2022 following widespread vaccinations and the administration of the third and fourth booster shots. As a result, the Government started a gradual relaxation of the imposed restrictions. Business and economic activities resumed and the Group also aligned our containment and preventive measures in line with the relaxation. Nevertheless, caution and diligence are still the order of the day and preventive measures are adopted as demanded by circumstances. As a precaution, the Group continues to provide personal hygiene facilities.

(b) Employee Benefits, Employee Engagement Programmes

(i) Workforce Diversity

The Group celebrates diversity and inclusivity in our workforce, our approach to diversity is anchored on respect, equality and inclusion. To this end, the Group adopts an equal opportunity approach to employment, remuneration and job progression and no discrimination is tolerated regardless of race, creed, class or any other form of differentiation. In line with the Group's CoC, we respect the rights of every individual and foster 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, our employees will be happier and more comfortable in their working environment. Thus, creating a diverse workforce can contribute to increased retention, motivation and productivity as well as enhance the Group's responsiveness to an increasingly diverse customer base and expand the creativity of the organisation.

The gender composition of the Group's workforce has remained relatively stable year-on-year. At the end of FYE2023, the gender ratio was 34% male : 66% female while at the end of the previous year, the ratio stood at 35% male : 65% female.

The gender composition at the senior management level shows a better gender balance in FYE2023 with a ratio of 57% male : 43% female which compares favourably against FYE2022's ratio of 77% male : 23% female. The increase in the number of females in senior management

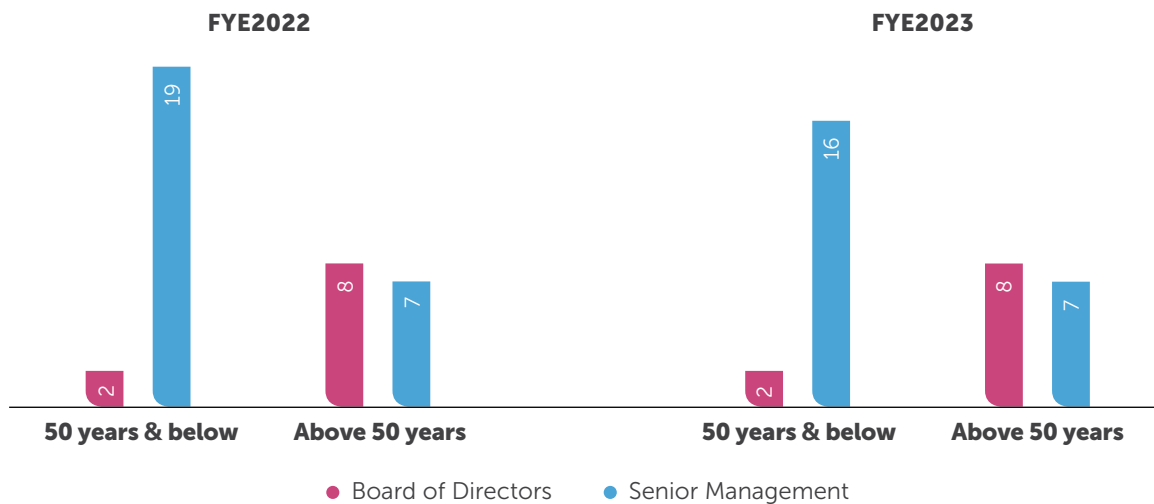
testifies to the Group's commitment and efforts in achieving a better gender balance for this level. More importantly, the more balanced gender composition explicitly reflects the Group's recognition of the importance of women in leadership and their ability to contribute.

Gender Composition of Board of Directors and Senior Management

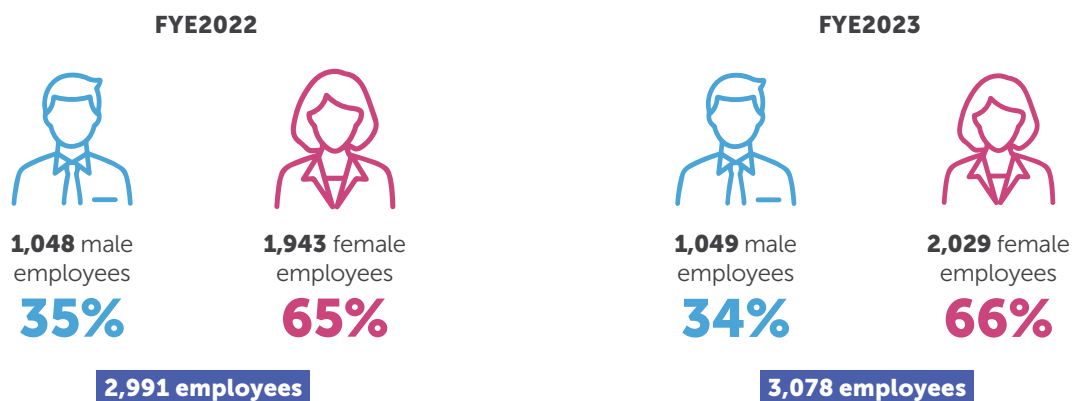


SUSTAINABILITY STATEMENT

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.

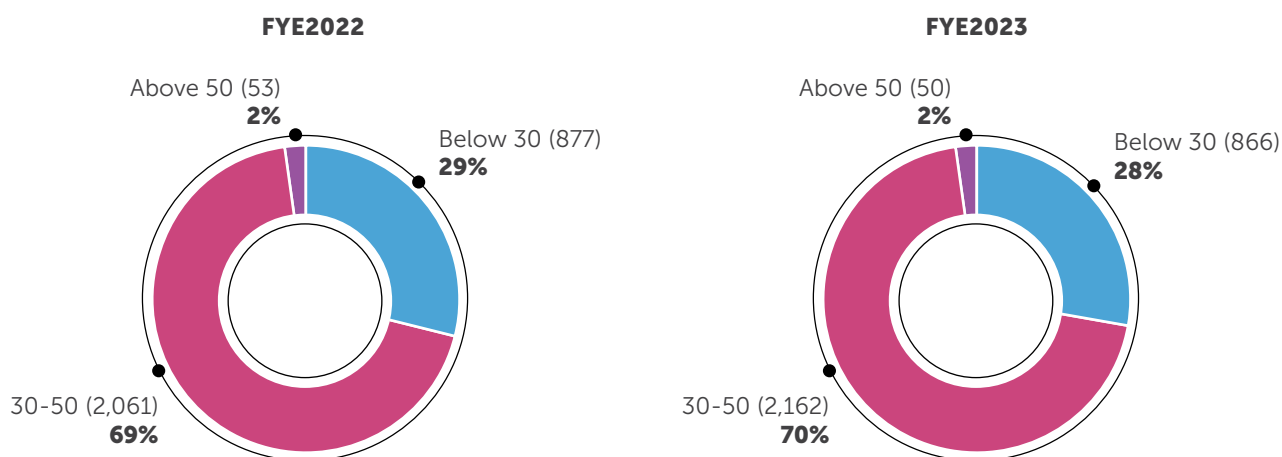
FYE2023



Staff Composition by Designation

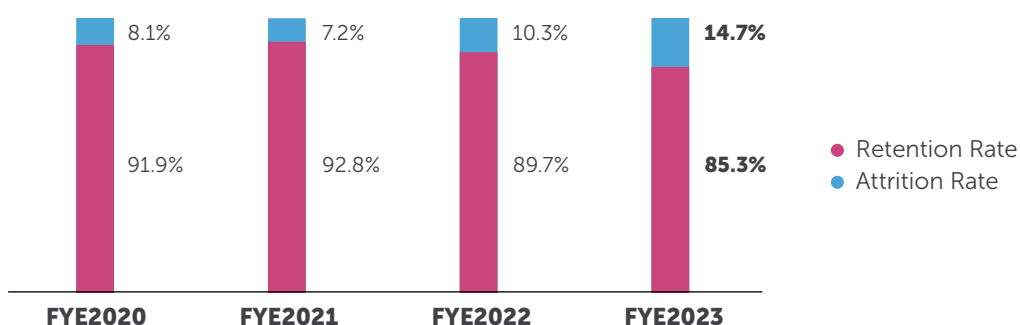
FYE2022			FYE2023			
Managing Director 1	Executive Director/ Executive Officer 6	Senior General Manager 5	Managing Director 1	Executive Director/ Executive Officer 5	Senior General Manager 4	
General Manager 16	Senior Manager 69	Manager 102	General Manager 12	Assistant General Manager 4	Senior Manager 70	
Assistant Manager 138	Senior Executive 464	Executive 1,743	Manager 109	Assistant Manager 139	Senior Executive 479	
Junior Executive 420	Clerk 17	Non-Clerk 10	Executive 1,855	Junior Executive 377	Clerk 15	Non-Clerk 8

Staff Composition by Age Group



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 FYE2023 increased to 14.7% compared to the FYE2022 level of 10.3%.



SUSTAINABILITY STATEMENT

(ii) Remuneration and Employee Benefits

The Group's HR practices and employment conditions are guided by and comply with the provisions of the Employment Act 1955. In addition, we also comply with the minimum wage of RM1,500 prescribed under the Minimum Wages Order 2022.

The Group is committed to offering a competitive remuneration and benefits scheme to our 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.

An extensive range of benefits is provided to our employees, these include:

- Flexible working arrangement
- Employees' Provident Fund ("EPF") contribution exceeding the statutory rate as a standard, the contribution increases further for employees with more than eight years of continuous service
- General healthcare coverage
- Hospitalisation and Surgical insurance including dental and optical
- Group Term Life covering permanent disability, invalidity or death
- Attractive performance-based bonus
- Parental and birthday leaves
- Contribution for:
 - birth of child
 - death of immediate family
 - tragedy/calamity
 - marriage

(iii) Employee Training

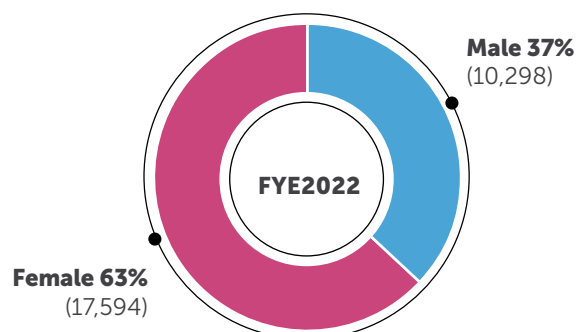
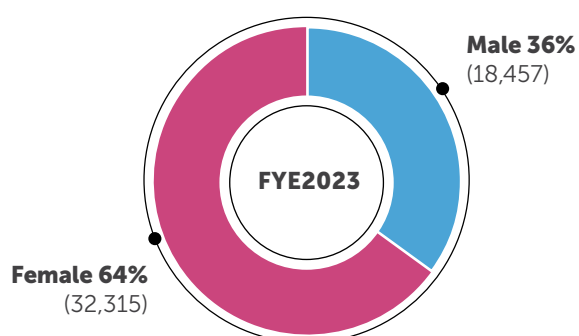
The Group holds the strong conviction that continuous learning and development is an integral part of developing the capabilities of our workforce to deliver their duties well and contribute effectively to our business. In addition, the Group is conscious that in the current dynamic business environment, training is paramount to keeping our workforce relevant and for them to acquire capabilities to effectively leverage emerging technologies and knowhow to further the Group's business and economic objectives.

We conduct training across a range of relevant hard and soft skills subjects to provide our workforce with the requisite knowledge to perform optimally and to continuously enhance their proficiency and productivity. Training conducted for employees across FYE2023 is listed below:

No	Scope of Training	Trainees
1	Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, Financial Services Act and Personal Data Protection Act & Compliance E-Learning	All Staff
2	HR Induction	All new joiners
3	Managing Misconduct	All Staff
4	Code of Conduct	All Staff
5	Anti Harrassement	Management staff
6	Risk Management	Department Heads, Group Heads, Division Heads, Executive Officers, Executive Directors, MD and Board of Directors
7	Internal Control	Department Heads, Group Heads, Division Heads, Executive Officers, Executive Directors, MD and Board of Directors
8	Cyber Security Awareness	All Staff
9	Legal Familiarisation Training	Management staff and all new joiners

Training hours improved significantly in FYE2023 with a total 50,772 hours accumulated for all employees as opposed to 27,892 hours for FYE2022 representing an increase of 87%. This increase underscores commitment of the Group for continuous learning and development of our workforce.

Total Training Hours



Average Training Hours

	2022	2023
Female	9.08	15.93
Male	9.91	17.59
Total	9.37	16.50

(iv) Employee Engagement

Employee engagement is foundational to keeping employees motivated and building a sense of belonging. Constant engagement creates a strong emotional bond between the Group and our employees which promotes higher productivity, contribution and serves as a motivational force to spur our workforce to greater heights.

The Group understands the significance of constant, open two-way communications with employees and, to this end, has put in place communication channels to give voice to our employees, hear their concerns and receive open and honest feedback.

We spare no efforts in ensuring 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 instituted a range 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.

The Group's employee engagement channels are listed below:

Report	Frequency
Monthly Dialogue with MD	Monthly
Monthly Morning Assembly Report	Monthly
Spotlight e-Newsletter	Bi-Monthly
Employee Support Programme	On-going

Across FYE2023, a total of 36 employee engagements sessions were conducted for all employees which saw the attendance of 62% of our workforce. The purpose of the engagements were to share latest information on employee welfare, medical and insurance benefits entitlement, and to gather feedback and address employees' concerns in respect of HR related matters. The MD also held dialogue sessions to personally engage with employees.

SUSTAINABILITY STATEMENT

As part of our Digital Transformation Programme, our FlexHR mobile app was launched in November 2022 to support ease of employee communication and engagement – this serves to emphasise that back-office efficiency also receives focus in our digitalisation efforts. FlexHR facilitates:

	Employee access to the Human Resource Information System ("HRIS") anytime and anywhere through their mobile devices
	Employee communication and engagement, for instance, new developments within the Group and announcements
	Enhancement in employee management and streamlined automated processes
	Employee self-service such as access to pay slips ("mPayslipz"), ability to file claims ("mClaimz"), leave application ("mLeavz") and updates on pending HRIS tasks

The Group had an Employee Suggestion Programme ("ESP") to encourage employees to contribute constructive ideas for operational improvements. As an enhancement in the continuing evolution of the Group's employee feedback mechanism, the Group has replaced the ESP with a monthly dialogue session with MD during which employees will be afforded the opportunity to voice out their concerns, offer suggestions or raise matters relevant to the Group. Constructive ideas and suggestions will be considered for implementation by the Management. The dialogue session aims to:

- Enhance work cultural alignment and build workplace camaraderie;
- Encourage open discussion and obtain diverse thoughts;
- Address employees' concerns and feedbacks;
- Build greater transparency and connection leveraging the MD's personal involvement and interaction; and
- Improve workplace dynamics, drive motivation and performance.

The Group also has in place an Employee Support Hotline that provides confidential support and assistance for employees' work-related issues. This Employee Support Hotline also acts as a touch-point for employee welfare and benefits related enquiries. A total of 83 reports were made via the Employee Support Hotline in FYE2023 falling into the broad categories below:

- Employee benefits : 45 reports
- Work-related grievances : 1 report
- COVID-19 matters : 27 reports
- General enquiries : 10 reports

The Group has a structured performance evaluation system which consists of target setting and annual performance assessments involving employees and their superiors. The process covers face-to-face interactions to establish clear and specific work expectations including KPI/target setting, continuous feedback, performance and career development review.

Employee Satisfaction Surveys ("ESS") are conducted to gauge of employees' satisfaction level. The FYE2023 ESS involved 2,708 employees which accounts for 94% of the Group's total workforce. Survey results showed an engagement score of 81 points, indicating that 8 out of 10 employees were consistently engaged. The survey results and findings was shared with all Division and Group Heads, who subsequently developed and implemented post-survey action plans at their respective business unit level. For the FYE2024 survey, the Management aims to increase the engagement score to 85 points.

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 our compensation and benefits policies to ensure competitiveness whilst also recognising our employees' contributions and dedication.

5

CONTRIBUTING TO COMMUNITIES



As we focus on value generation and achieving economic objectives, the Group has not forgotten the significance of caring for our local communities in particular the less fortunate and vulnerable. We place great importance to take care of the local communities, their well-being and supporting those in need – amply demonstrated by the support extended by the Group across the COVID-19 pandemic.

We take great pride in giving back to the community and have made a total of RM1.28 million in community investment during FYE2023. Given that our customers come from the community, contributing back to the community reciprocates their loyalty and support. Community contributions brings to life the Group's corporate conscience and realises our duty for societal care. The material sustainability matter under Contributing to Communities pillar is Strategic Community Investment as listed below:



(i) Malaysian AEON Foundation ("MAF")

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 (Malaysia) Sdn. Bhd. The MAF has, since its establishment in 2004, been actively assisting communities during festivities and natural calamities and also supporting vulnerable individuals with a focus on education, shelter and medical support. A total of RM20 million has been contributed nationwide since 2004.

As in previous years, community investments made by MAF in FYE2023 focused on community well-being (through donations and extension of financial support to vulnerable members of the community), financial assistance in the form of donations and assistance during natural

calamities, festivity contributions, community enrichment programmes and refurbishment of school classrooms to be a smart classrooms at 40 schools nationwide. In FYE2023, a total of 6,519 individuals benefitted from MAF's philanthropic programmes.



SUSTAINABILITY STATEMENT



(ii) Education

The Group appreciates the importance of education on the future of students and how education shapes students into productive members of society who can collectively contribute to the nation's growth and progress. In support of deserving students in need, the Group has in place a formal programme to award scholarships to deserving students at three (3) public universities namely, Universiti Malaya, Universiti Sains Malaysia and Universiti Putra Malaysia. To date, a total of 36 students have been awarded education scholarships and 12 students have graduated with honours.

Another education-based contribution which explicitly reflects the Group's commitment is our MAF AEON Smart Classroom Project.



This Project with a total investment of RM1 million is aimed at providing quality education through the restoration and upgrading existing classroom infrastructure in schools. It also represents an extension of MAF's 'AEON Sayap Bagimu' programme which was first launched in September 2021 that benefitted 4,150 secondary students nationwide. This sustainable community initiative aims to enhance digital learning in schools across the country and to help bridge the education gap for students from low-income families by providing equal learning opportunities and with a commitment to strengthen their readiness in realising the aspiration of developing Malaysia as a digital nation.

Through the 'AEON Smart Classroom Project', students will have the necessary support to succeed in their studies through smart classroom facilities. The smart classrooms will be equipped with the latest audio-visual facilities and infrastructure that is suitable for modern learning methods. The project was implemented in 40 secondary and primary schools in 10 states nationwide, and in the future, engagement programmes to promote digital literacy among students and their communities will be initiated with the aim to close the digital literacy gap.

The Group also expended RM15,812 in conducting road safety advocacy programmes in FYE2023.

6

ENVIRONMENTAL STEWARDSHIP



The Group recognises our duty as a good corporate citizen also extends to environmental care and protection and contributing to its preservation for future generations. In solidarity with the global community, we are committed towards instituting climate action to battle the existential threat posed by global warming.

We are conscientiously doing our part to reduce our carbon footprint and lend to the collective global efforts in reducing greenhouse gas emissions. The continued prosperity of our business hinges on the survival and well-being of the planet making it imperative on us pull our weight and work as hard as everyone else across the globe to head off global warming. Our material sustainability matter under Environmental Stewardship pillar is Environmental Management, as listed below:

(i) Environmental Conservation

In FYE2023, reforestation and maintenance of past reforestation activities were put on hold as the Group worked on redefining focus areas in line with the development of our 3-Year Sustainability Roadmap and its associated sustainability initiatives.

The reforestation activities will be reinitiated in FYE2024 to rehabilitate Kinta Nature Park, a conservatory area for migratory birds and also a former tin mining area. In addition, the mangrove planting projects to rehabilitate the coastal area in Kota Belud, Sabah will also be continued under the 3-Year Sustainability Roadmap for coastline preservation activities.



(ii) Environmental Management System

The Group is certified under the ISO 14001:2015 Environmental Management Systems ("EMS") standard, covering the Group's processes and practices aimed at reducing environmental impact from business operation. This certification governs the collecting, recycling and disposal of waste appropriately by licenced vendors with notification submitted to the Department of Environment. Our ISO 14001:2015 EMS was successfully recertified by an independent third party certification body in FYE2023.

The Group promotes environmentally conscious and conscientious behaviour in supporting our commitment to minimise our impact on the environment, one of the ways we do that is through the conduct of campaigns. The following campaigns were carried out in FYE2023:

- Waste Recycling Drive for the Central Region at Head Office Bangsar South – this programme, held in conjunction with the International E-Waste Day was a collaborative effort with T-Pot Electrical and Electronics Sdn. Bhd. A total of 70.1kg of e-waste ranging from used mobile phones, PCs, printers and monitors was collected. The e-waste recycling partner is certified by the Department of Environment;

- AEON Credit Nationwide Coastal Clean-up Programme – this programme, held in conjunction with the World Ocean Day 2022 aims to ensure that our coastal area is clean from rubbish to promote a cleaner ocean. 400 volunteers from the Group, students from Yayasan Sukarelawan Siswa and local authorities managed to remove 3.6 tonnes of recyclable waste and 1.1 tonnes of non-recyclable waste from six (6) coastal areas nationwide;



SUSTAINABILITY STATEMENT

- MAF's AEON Bersamamu Community Recycling Programme – this was held in three local housing areas with the aim of creating awareness on the need to separate and recycle household waste for a cleaner and greener environment. During the programme, a Community Recycling Buy-Back Counter was set-up with our programme partner, Alam Flora Environmental Solutions Sdn. Bhd., who managed to collect a total of 466.5kg of recyclable waste consisting of used cooking oils, old newspapers, aluminium cans, plastics and electrical appliances; and
- CSR activities organised at the regional level, where the Group's volunteers worked hand-in-hand with local authorities to remove rubbish from public park areas. Recyclable and non-recyclable components of the rubbish collected was separated for proper disposal by the local authorities.



In addition to the abovementioned campaigns, the Group also issues regular communications to instil environmental awareness and build an appreciation for the importance of environmental care and protection through social media and internal communication channels. The communications issued in FYE2023 are listed below:

	Earth Hour 2022 Shape Our Future
	Earth Day 2022 Invest in Our Planet
	World Tobacco Day 2022 Tobacco is a Threat to Our Environment

	World Oceans Day 2022 Revitalisation: Collective Action for the Ocean
	International Day of Clean Air for Blue Skies 2022 The Air We Share
	World Clean Up Day 2022
	World Energy Efficiency Day
	E-Waste Recycling Programme
	Minimise Paper Usage, Think Before You Print!
	Scheduled Waste Management & Waste Segregation Practices

(iii) Responsible consumption

Environmental and planetary care is embedded into the Group's corporate consciousness. We practice responsible consumption as a matter of course, to us, this is "business as usual". In helping the planet, we also help ourselves as responsible consumption leads directly to cost savings. The Group measures our consumption in electricity and water consumption.

FYE2023	
Electricity 2.28 mil kWh	Water 21,154m³
FYE2022	
Electricity 2.62 mil kWh	Water 6,269m³

The data above covers only regional offices and does not include branches. Significant consumption increases were noted for water due to the resumption and ramp-up of business activities following the abatement of the COVID-19 pandemic.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of AEON Credit Service (M) Berhad ("AEON Credit" or "the Company") believes that good corporate governance ("CG") is fundamental to ensuring that AEON Credit Service (M) Berhad and its subsidiaries' ("the Group") business is well managed, resilient and operationally efficient so as to be able to continue generating value for our stakeholders. Good CG practices underpin our risk-managed approach to conducting business and ensuring that risks arising are appropriately mitigated and balanced against their expected returns. Additionally, they also enhance the Group's accountability to stakeholders, promote greater transparency and protect our good name and reputation. These collectively earn and reinforce investors' trust and improves access to capital.

The two (2) major developments articulated below will assert significant influence on our CG focus and approach moving forward to align with current developments and market expectations:

The COVID-19 pandemic has left an indelible impact on the way enterprises do business. One of the most enduring and visible impact of the pandemic, which continues into the present endemic phase, has been the rise of contactless transacting, either online or cashless. This dovetails perfectly with our Digital Transformation journey. As we progress on this journey, we have also continually strengthened our cyber security capabilities as well as our infrastructure and processes to protect our systems and to secure customer data privacy and confidentiality.



Calls for broader and deeper adoption of ESG from the Government, regulators and stakeholders, have intensified in recent years. Giving back to society has always been part of our business philosophy, as evidenced by our humanitarian efforts during the peak of the pandemic. In addition as part of our financial inclusion efforts, AEON Credit has a collaboration with the Ministry of Entrepreneur Development and Cooperatives ("MEDAC") together with IN2NIAGA, a mobile payment platform solutions provider and Social Security Organisation ("SOCSO") to assist hawkers and petty traders in embracing digitalisation. Critically, this initiative will serve to ensure they keep relevant with capabilities to accept cashless payments while being afforded social security protection. On the environmental front, in addition to on-going environmental conservation activities, AEON Credit has also completed the development of our Scope 1 and 2 carbon emission profile for both FYE2023 and FYE2022 which will lend to our carbon management efforts.



As a financial services provider, AEON Credit is subject to a comprehensive regulatory regime which manifests in stringent oversight and supervision. The Board is committed to full and complete compliance to the requirements of our regulators and has, accordingly, established a robust framework for good CG to guide our CG and compliance practices. Good governance is imperative to ensure sustainable long-term performance, maximise returns for our stakeholders and to create long-term economic value and growth of the Group. As such, the framework is updated regularly to reflect any new and amendments to regulatory requirements.

The Group was conferred the ASEAN Asset Class Award at the ASEAN Corporate Governance Scorecard ("ACGS") Awards in 2022, bearing testimony to our strong CG orientation and practices across business strategies and operations. The ACGS is jointly developed by Asian Development Bank and the ASEAN Capital Markets Forum and supported by domestic ranking bodies, including Minority Shareholders Watch Group.

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 ("MCCG"). Guidance was also drawn from Practice Note 9 of Bursa Securities' MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Securities. This 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-a-vis the MCCG.



This statement sets out a summary of the Group's CG practices during the financial year ended 28 February 2023 ("FYE2023") and is intended to provide shareholders and various stakeholders with an overview of how the Group has applied the three (3) Key Principles of the MCCG during the FYE2023:

- (i) Principle A: Board Leadership and Effectiveness;
- (ii) Principle B: Effective Audit and Risk Management; and
- (iii) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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. The Board sets overall strategies for the Group and supervises the Management in the execution of those strategies. The Board also ensures that good CG policies and practices are implemented within the Group and that regulations and guidelines which the Group is subject to are fully and diligently complied with. The Board believes that tight alignment of business strategies to good CG practices is foundational to the successful implementation of the Group's strategies. In support of this, an effective and strong system of risk management and internal controls have been put in place to ensure that risks are appropriately identified, evaluated, managed and mitigated.

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, the principal roles and responsibilities of the Board encompass the following:

- (i) Approve business plans, risk appetite/tolerance, and other corporate 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 Environment, 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 continually fortify its financial strength, maintain and preserve critical operations and services when it comes under stress;
- (vi) Promote timely and effective communications between the Group and shareholders/regulators on matters affecting or that may affect the safety and soundness of the Group;
- (vii) Oversee and monitor Digital Transformation initiatives and attendant material technology investments to ensure targeted capabilities and benefits are realised; and

- (viii) Oversee the progress of the establishment of ACS Digital Berhad on a regular basis.

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:

- (i) MMLR of Bursa Securities;
- (ii) Bank Negara Malaysia Policy Documents;
- (iii) Companies Act 2016;
- (iv) MCCG;
- (v) Bursa Malaysia's Corporate Governance Guide (4th Edition); and
- (vi) 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 has adopted a schedule of matters specifically reserved for its approval which include, amongst others, reviewing and approving the following:

- Business strategy and annual business plan/budget;
- Enterprise-wide risk management framework ("ERMF") and risk strategies;
- Raising or restructuring of equity or debt capital and bank borrowings;
- New investments, divestments, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires approval of shareholders;
- Acquisition or disposal of significant assets outside the ordinary course of business;
- Acquisition of equipment or assets exceeding threshold under Top Management approval;
- Resolution of any conflict of interest related to a substantial shareholder or a Director;
- Approval of related party transactions, subject to approval of shareholders where necessary;
- Unaudited quarterly financial results and audited annual financial statements;

- Appointment of new Directors, including setting the relevant terms of service and level of remuneration, subject to approval of shareholders where necessary;
- Ensuring regulatory compliance; and
- Declaration of dividends, subject to approval of shareholders where necessary.

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. The Management, in turn, exercises oversight and governance over execution and provides the Board and the respective 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") or 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. In addition, the Chairman has responsibility for ensuring the adequacy and effectiveness of the Board's governance processes and leads the Board in oversight of proper conduct and management of the affairs of the Group.

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), if needed, 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 well-informed observations and effective support to Directors to ensure that Board procedures and relevant regulatory requirements and guidelines, including those in relation to CG, are adhered to.

Besides making arrangements for Board, Board Committees and general meetings and drawing up the relevant meeting agenda, the Company Secretary also has an advisory capacity in monitoring and advising on developments in the CG domain. The Company Secretary also assists the Board in applying best practices to meet the Board's needs and stakeholders' expectations. In addition, the Board is also alerted to and advised by the Management on any material change(s) in regulatory and compliance requirements, including their associated implications and impact on the Board and Group. As part of the regular reporting regime, the Management also provides on-going regulatory compliance updates to the Board.

During FYE2023, the Board met fourteen (14) times. The matters below were reviewed and deliberated at each Board meeting:

- Group business and financial performance and business plan and budget;
- Governance, risk management and mitigation and compliance in relation to the Group;
- Sustainability matters associated initiatives and progress; and
- Major investments and related matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition to the aforementioned Board meetings, a Directors Offsite Retreat was held in February 2023 which saw the Board participating in a strategy formulation session for the Group, together with Top Management from the Company, ACS Digital Berhad and AEON Insurance Brokers (M) Sdn Bhd.

All proceedings of Board meetings are minuted and circulated to Board members in advance of the next Board meeting including updates on the follow-up action items. 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 their respective Committees' salient matters, recommendations, significant issues, risk matters and findings which require the Board's attention, approval and direction.

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	14/14
Daisuke Maeda	Managing Director/ Executive Director	14/14
Tomokatsu Yoshitoshi	Independent Non-Executive Director	14/14
S Sunthara Moorthy A/L S Subramaniam	Independent Non-Executive Director	14/14
Datuk Adinan bin Maning	Senior Independent Non-Executive Director	14/14
Datin Khoo Pek Ling	Independent Non-Executive Director	14/14
Datin Yasmin Ahmad Merican	Independent Non-Executive Director	14/14
Rashidah binti Abu Bakar	Independent Non-Executive Director	14/14
Mitsugu Tamai ¹	Non-Independent Non-Executive Director	13/14
Lee Tyan Jen ¹	Executive Director	13/14

¹ Unable to attend 1 meeting due to medical reason

BOARD COMPOSITION, BALANCE AND DIVERSITY

The Board is committed to 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 adds value to deliberations and makes for a balanced view leveraging on different perspectives and backed the members' collective 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 the Board's CG agenda in order to achieve the right diversity mix 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.

60% of the Board members are Independent Directors strongly reinforcing a commitment to independence - this proportion complies with Bank Negara Malaysia ("BNM") CG Policy and is over and above that prescribed under the MMLR of Bursa Securities. While in terms of gender diversity, 40% of the Board members are female, exceeding the regulators' target of 30% female board representation.

The present size and composition of the Board is considered to be optimum and well balanced. Board members possess a diverse blend of professional experience across a variety of disciplines relevant to the Group's business and operations underscoring their ability to effectively contribute to the Group's continued growth and value creation. Further, the diversity inherent within the Board supports the Group in facing the 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 6		Female 4	
NATIONALITY			
Malaysian 7		Non-Malaysian 3	
AGE GROUP			
41-50 years 2	51-60 years Nil	>60 years 8	
ETHNICITY			
Malay 3	Chinese 3	Indian 1	Japanese 3

The diversity of the Board members' experience is summarised in the table below.

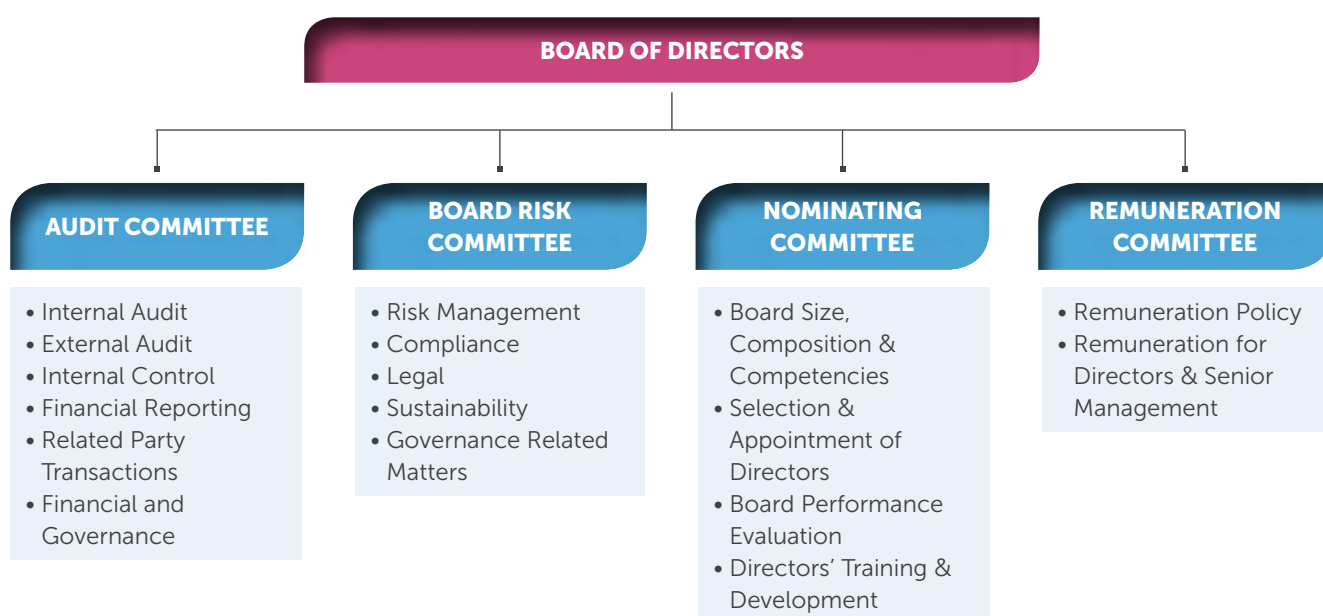
Financial Services	Strategic Planning	Business Transformation	Customer Management	Risk Management	Human Capital Management
Corporate Governance	Accounting and Finance	Taxation	Technology	Legal and Compliance	Branding and Image



More details are contained in the profile of each Director as set out on pages 42 to 46 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 the 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 TORs of the AC, BRC, NC and RC were last reviewed in January 2023. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision making lies with the Board.

REMUNERATION OF DIRECTORS AND TOP MANAGEMENT

The Board recognises that a comprehensive and fair remuneration package is fundamental to retaining and attracting Directors and Top Management. In this regard, a Remuneration Policy applicable to Directors and Top Management is in place. The RC has responsibility for formulating and reviewing the associated remuneration policies and packages to ensure they are 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 for assisting the Board in the implementation of the Remuneration Policy. The RC is chaired by Tomokatsu Yoshitoshi, an Independent Non-Executive Director. 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> or scan the QR Code.



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Reviews of the RC 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 RC and each of its members. The Board was satisfied that the RC and each of its members have discharged their responsibilities and duties in accordance with the RC's TOR.

Two (2) RC meetings were held during FYE2023. Details of the RC members' meeting attendance during FYE2023 are set out below:

Name of Director	Designation/ Directorate	Attendance
Tomokatsu Yoshitoshi	Chairman/Independent Non-Executive Director	2/2
Datin Yasmin Ahmad Merican	Member/Independent Non-Executive Director	2/2
Rashidah binti Abu Bakar	Member/Independent Non-Executive Director	2/2

Key RC activities in FY2023 covered the following:

- Discussed and proposed to the Board for approval, Directors' Remuneration for Non-Executive Directors of the Group;
- Discussed and proposed to the Board for approval, Executive Directors' and Executive Officers' remuneration;
- Discussed and proposed to the Board for approval, Executive Directors' and Executive Officers' annual performance bonus; and
- Reported to the Board the market salary benchmarking exercise in respect of Executive Directors, Executive Officers and Non-Executive Directors.

The Board will recommend the Directors' remuneration payable to the Non-Executive Directors to the shareholders for approval at the forthcoming 26th 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. 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:



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

Five (5) NC meetings were held during FYE2023. Details of the NC members' meeting attendance during FYE2023 are set out below:

Name of Director	Designation/ Directorate	Attendance
Tomokatsu Yoshitoshi	Chairman/Independent Non-Executive Director	5/5
Datin Yasmin Ahmad Merican	Member/Independent Non-Executive Director	5/5
S Sunthara Moorthy A/L S Subramaniam	Member/Independent Non-Executive Director	5/5

Key activities of the NC in FY2023 are summarised below:

- Reviewed the Board Evaluation Exercise report and assessed Directors' competencies;
- Evaluated and recommended to the Board for approval, the re-election of Directors who will be retiring at the forthcoming Annual General Meeting of the Company;
- Recommended to the Board suitable orientation and training programmes for continuous development of Directors;
- Reviewed and recommended to the Board for approval, the Succession Planning Framework for the Management;
- Reviewed and recommended to the Board for approval, the proposed CEO appointment of our digital bank;
- Reviewed and recommended to the Board for approval, the Company's organisation chart, order and structure of Board and Board Committees, Executive Directors and Executive Officers of the Company; and
- Reported to the Board on the revision of Job Segregation Policy and main Key Performance Indicators ("KPIs").

BOARD EFFECTIVENESS EVALUATION

The effectiveness of the Board is critical to impactful and value creating stewardship of the Group and, accordingly, the Board conducts a rigorous Board Effectiveness Evaluation ("BEE") process each year to assess the performance of the Board, Board Committees and each individual Board member. The BEE has a principal focus on the performance of individual Directors, their respective training and development needs, involvement and contribution of the Directors at Board and Board Committees meetings. Once every three years, an independent firm of consultants will be appointed to provide insights on the Board's performance against peer boards and best practices. In line with this principle, the NC had during FYE2023 appointed an independent firm of consultants to undertake BEE, and the details are set out in the CG Report.

DIRECTORS TRAINING

The Board recognises 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 new Directors into their 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 under review engaged professional training providers to conduct in-house and also external trainings. The list of training programs attended by members of the Board in FYE2023 is set out below:

No	Director	Training Attended
1	Ng Eng Kiat	<ul style="list-style-type: none"> • AEON Top Seminar • Corporate Board Leadership Symposium 2022 • Drafting Sustainability Statement or Report • Webinar on Developing A Holistic Enterprise Risk Management ("ERM") Framework • Cyber Security Awareness and Risk Governance for Board Members • Risk Management Training • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • Malaysian Corporate Tax Practices and Principles • Essentials of Corporate Tax/Budget 2022 • Managing Climate Change Risks • Anti-Money Laundering/Countering Financing of Terrorism
2	Daisuke Maeda	<ul style="list-style-type: none"> • AEON Top Seminar • Risk Management Training • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Compliance Training • Off-site Directors' Retreat • Anti Bribery Management System ("ABMS") E-learning • Legal Familiarisation Training • Managing Climate Change Risks

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No	Director	Training Attended
3	Tomokatsu Yoshitoshi	<ul style="list-style-type: none"> • Cyber Security Awareness and Risk Governance for Board Members • Risk Management Training • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • SDGs and Sustainability Transformation for Corporate Directors • Cost of Capital and Business Portfolio Management • Legal Aspects of Independent Non-Executive Director • Corporate Governance Guideline for Better Governance System • Off-site Directors' Retreat • Managing Climate Change Risks
4	S Sunthara Moorthy A/L S Subramaniam	<ul style="list-style-type: none"> • Audit Committee Conference 2022 • Corporate Board Leadership Symposium 2022 • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • AEON Top Seminar • Drafting Sustainability Statement or Report • Tax Governance : It's Time to Embrace It • Employer & Employee Tax Obligations • Impacts, outcomes and integration in the Corporate • Risk Management Training • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • Managing Climate Change Risks • Anti-Money Laundering/Countering Financing of Terrorism
5	Datuk Adinan bin Maning	<ul style="list-style-type: none"> • Drafting Sustainability Statement or Report • AEON Top Seminar • Risk Management Training • Anti Harassment Training • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • Managing Climate Change Risks
6	Datin Khoo Pek Ling	<ul style="list-style-type: none"> • Audit Committee Conference 2022 • Corporate Board Leadership Symposium 2022 • Webinar on Sustainability Management and Reporting • AEON Top Seminar • Cyber Security Awareness and Risk Governance for Board Members • Risk Management Training • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • Managing Climate Change Risks • Anti-Money Laundering/Countering Financing of Terrorism
7	Datin Yasmin Ahmad Merican	<ul style="list-style-type: none"> • AEON Top Seminar • Cyber Security Awareness and Risk Governance for Board Members • Risk Management Training • Governance in Audit • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • Managing Climate Change Risks • Anti-Money Laundering/Countering Financing of Terrorism

No	Director	Training Attended
8	Rashidah binti Abu Bakar	<ul style="list-style-type: none"> • NRC Dialogue & Networking • Webinar on SC Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries • Corporate Governance Guide 4th Edition Rise Together • Governance, Risk and Controls (GRC) • AEON Top Seminar • Cyber Security Awareness and Risk Governance for Board Members • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • Managing Climate Change Risks • Anti-Money Laundering/Countering Financing of Terrorism
9	Mitsugu Tamai	<ul style="list-style-type: none"> • Cyber Security Awareness and Risk Governance for Board Members • Risk Management Training • Anti Harassment Training • AEON Top Seminar
10	Lee Tyan Jen	<ul style="list-style-type: none"> • AEON Top Seminar • FY2023 AEON Policy Presentation • Mastercard Malaysia Customer Forum 2022 • FYE2023 Legal Familiarisation Refresher Workshop • AEON Co. 1000 Supplier Seminar • Risk Management Training • Anti Harassment Training • Linking Board Performance to ESG • Code of Conduct & Internal Controls Training • Off-site Directors' Retreat • FY2022 AEON ASEAN Compliance Training for Executives • Managing Climate Change Risks • Anti-Money Laundering/Countering Financing of Terrorism

STRENGTHENING CORPORATE GOVERNANCE CULTURE

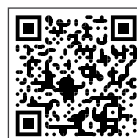
The Group has established the following policies to ensure the conduct of activities undertaken is carried out ethically and with integrity:

(i) Code of Conduct

The Group's Code of Conduct ("CoC") dictates the 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:



(ii) 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 authority and definitive action can be taken accordingly if ensuing investigations find the concerns valid.

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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	Internal Reporting Channel i. Employee Hotline number (+603-2721 8118) ii. Written report to MD/CEO iii. ACSM Online Portal (http://EmployeeHotline/)	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	External Reporting Channel (Online Portal - Hotline Japan) http://aeon-ethics.secure.force.com/ <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	Legal Attorney Hotline report_aeonglobal@yglpc.com <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: eSID@aeoncredit.com.my <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: Chief Risk Officer AEON Credit Service (M) Berhad, Level 18, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. STRICTLY PRIVATE & CONFIDENTIAL <i>Note: For bribery, false claim, or abuse of power/position issues only</i>	Chief Risk Officer	
6	Malaysian Anti-Corruption Commission ("MACC") Website https://www.sprm.gov.my/ <i>Note: For bribery, false claim, or abuse of power/position issues only</i>	Malaysian Anti-Corruption Commission ("MACC")	

(iii) Anti-Bribery Policy

The Anti-Bribery Policy signifies the Group's commitment to conduct 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 CoC. In upholding the above commitment, the Group shall:

- (i) Adopt zero tolerance of all forms of bribery and corruption.
- (ii) 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.
- (iii) Promote an appropriate anti-bribery culture and continual improvement and monitoring.
- (iv) Uphold the values of transparency and provide whistle-blowing channels to encourage reporting on any bribery and corruption practices in good faith.
- (v) Establish an independent compliance function to oversee the implementation of anti-bribery programs.

The Group strictly does not tolerate any act of bribery and corruption and requires all our business associates (including its employees, directors, agents, representatives and sub-contractors) to be aware and adhere to the Group's policies in relation to bribery and corruption. Should there be any act or potential 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 the Group's operations.

(iv) Entertainment and Gift Policy

As an integral part of our continuous effort to promote impeccable business ethics, the Group requires all employees to demonstrate the highest standards of ethics and comply with AEON CoC when dealing with potential and existing business partners and stakeholders. All employees must practice fair treatment, unbiased professionalism, and non-discriminatory actions and the following is strictly prohibited:

- (i) acceptance of any form of entertainment and hospitality from business partners;
- (ii) acceptance/offer of any kind of cash from/to business partners;

(iii) acceptance/offering of any kind of gift from/to business partners; Note: In the event of gift received, which is unavoidable, from business partners, the staff concerned must report to their immediate supervisor and complete the Declaration of Acceptance Form.

(iv) purchase of products from business partners for personal use;

(v) personally receiving product samples from business partners; and

(vi) receiving transportation arrangements from 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 Entertainment and Gift 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.

(v) ISO37001:2016 Anti-Bribery Management System ("ABMS")

A key action the Group adopts to strengthen governance is certification in ISO37001: 2016 ABMS. This certification, which has been recertified in FYE2023 for an additional three (3) years, validates the processes in place within the Group's ABMS to prevent, detect, and address events of bribery. The Group strives to ensure all employees act professionally and ethically, consistent with our CoC in all business dealings. It is also a required commitment from our suppliers and agents to uphold the highest standard of integrity in their dealings with the Group.

The Group provides regular anti-bribery and anti-corruption training for all employees and business associates to reinforce the importance of integrity and good conduct. On a regular basis our employees also undertake assessments to enhance their understanding of the Group's anti-bribery and anti-corruption requirements, in particular Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

On an annual basis, all employees, business associates and suppliers are required to commit to an Anti-Bribery Pledge by signing-off on an Integrity Declaration to demonstrate their commitment towards creating a transparent and fair business environment that is free from corruption.

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PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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 of identifying, mitigating and managing risks arising in our business given its dynamic nature amidst a competitive landscape that is constantly evolving to ensure continuing resilience.

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 fulfils its responsibilities in the risk governance and oversight 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 diligent oversight and reviews of internal audit reports prepared by the Internal Audit Division. Major internal audit findings are discussed and the associated management responses are independently and critically assessed and monitored to ensure desired outcomes are achieved.

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 is 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 is constituted of three (3) Independent Non-Executive Directors and is chaired by Datuk Adinan bin Maning, Senior Independent Non-Executive Director. 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/aeon-corporate/corporate-governance> or scan the QR Code below:



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

- (i) Investigate any matters within its terms of reference;
- (ii) Seek any information it requires from employees who are required to cooperate with any request made by the Committee;
- (iii) Have full and unrestricted access to any information pertaining to the Group;
- (iv) Have direct communication channels with internal and external auditors, through the Audit Committee, and with senior management of the Group;
- (v) Have access to adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Group; and
- (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 Senior Management including the MD, Chief Risk Officer ("CRO") in order to be kept informed of matters affecting the Group. On an annual basis, a private session will be held between the BRC and CRO, without the presence of any Management members including the MD or any executive member of the Board, to discuss and resolve any sensitive issues independently, transparently and objectively.

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 shall meet at least four (4) times a year and additional meetings may be called by the BRC Chairman if necessary. Six (6) BRC meetings were held in FYE2023. Details of the BRC members' meeting attendance during FYE2023 are set out below:

Name of Director	Designation/ Directorate	Attendance
Datuk Adinan bin Maning	Chairman/Senior Independent Non-Executive Director	6/6
Datin Khoo Pek Ling	Member/Independent Non-Executive Director	6/6
Rashidah binti Abu Bakar	Member/Independent Non-Executive Director	6/6



The details of BRC activities in FYE2023 are set out in the Board Risk Committee Report on pages 100 to 101 of this Integrated Annual Report.

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, governance and oversight of these functions on behalf of the Board.

The AC comprises three (3) members all of whom are Independent Non-Executive Directors, which meets the requirements of Paragraphs 15.09 and 15.10 of the MMLR of Bursa Securities and the requirement sets out in Practice 9.4 (Step Up) under Principle B of the MCGG.

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 member of the Malaysian Institute of Accountants ("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 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.

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 with the overall effectiveness of the AC, in that the AC and each of its members have discharged their functions, duties and responsibilities in accordance with the AC's TOR.

The composition, authority as well as the duties and responsibilities of the AC 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/aeon-corporate/corporate-governance> or scan the QR Code below:



Seven (7) AC meetings were held during FYE2023. Details of the AC members' meeting attendance during FYE2023 are set out below:

Name of Director	Designation/ Directorate	Attendance
S Sunthara Moorthy A/L S Subramaniam	Chairman/Independent Non-Executive Director	7/7
Datuk Adinan bin Maning	Member/Senior Independent Non-Executive Director	6/7 ¹
Datin Khoo Pek Ling	Member/Independent Non-Executive Director	7/7

¹ Unable to attend due to medical reason

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 FYE2023 are set out in the Audit Committee Report on pages 95 to 99 of this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

COMMUNICATION WITH STAKEHOLDERS

AEON Credit 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 material information 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) where updated information on Announcements, Integrated Annual Report, Board Charter, Code of Conduct and Whistle-Blowing channels, and other pertinent information, are accessible;
- (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, 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 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 and in compliance to MCGG, 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.

As a safety measure in response to the COVID-19 pandemic, the 25th AGM of the Company was conducted virtually on 29 June 2022 through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities. All Directors were present at the 25th AGM either physically or virtually to engage with shareholders and address issues raised by the shareholders.

The Chairman and MD delivered separate presentations to shareholders on various pertinent topics including the Group's FYE2022 performance review, significant milestones and initiatives, dividend pay-out, FYE2023 prospects and strategies and sustainability initiatives. This was followed by the CFO's response to clarifications sought by the Minority Shareholders Watch Group ("MSWG") and questions submitted by shareholders ahead of the AGM date. A live Question and Answer session was subsequently conducted with the Chairman, MD and CFO responding to requests for clarification and feedback from shareholders. The meeting minutes was published on AEON Credit's corporate website at www.aeoncredit.com.my within 30 business days from the 25th AGM.

KEY FOCUS AND FUTURE PRIORITIES

The Board will remain focused on continually strengthening the Group's corporate governance culture and standards to ensure that the Group's business is resilient and sustainable and continues to generate and deliver value to stakeholders. The Group operates in an industry that is intensely competitive amidst rapidly evolving technological changes, hence it is paramount that good corporate governance and rigorous risk management are strongly embedded for the Group to operate efficiently and profitably. In this regard, the Board, has always, and will continue to be relentless in reinforcing ethical conduct, integrity and transparency across the Group.

Having chalked up a number of successes, the Group's Digital Transformation journey will progress into FYE2024 and, as with previous years, this strategically important programme will continue to receive the focus and oversight of the Board. In tandem, the Board will also continue to monitor and oversee the adequacy of the Group's cyber security tools to ensure that relevant measures are in place to protect the Group's systems and infrastructure from malicious attacks and to secure the privacy and confidentiality of our customer data.

AEON Credit Service (M) Berhad, together with its holding Company, AEON Financial Service Co., Ltd., Japan, has been awarded one (1) of five (5) digital banking licences issued by BNM. This is both an honour and privilege for the Group and it follows that ACS Digital Berhad's preparations and progress towards operational readiness will be a core area of focus in FYE2024.

This Corporate Governance Overview Statement was approved by the Board of Directors on 9 May 2023.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE ("AC")

The AC members are appointed by the Board from amongst its non-executive members. The AC consists 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 Malaysian Code on Corporate Governance ("MCCG") that the AC should comprise solely of independent directors.

MEETING AND ATTENDANCE

During the financial year ended 28 February 2023, the AC convened seven (7) meetings with four (4) scheduled quarterly meetings held on 29 March 2022, 30 June 2022, 20 September 2022 and 15 December 2022, and three (3) special meetings held on 21 March 2022, 20 April 2022 and 30 November 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	Attendance
S Sunthara Moorthy A/L S Subramaniam Chairman/Independent Non-Executive Director	7	7
Datuk Adinan bin Maning Member/Senior Independent Non-Executive Director	7	6 ⁽¹⁾
Datin Khoo Pek Ling Member/Independent Non-Executive Director	7	7

⁽¹⁾ Unable to attend 1 meeting due to medical reason.

The Company Secretary, being the Secretary of the AC, the Managing Director, Executive Director, Chief Financial Officer and Head of Internal Audit Division attended all the meetings held during the financial year for the purposes of briefing the AC on the developments and clarification of issues relating to their respective areas of responsibilities. Upon invitation, the Executive Officers, related management personnel and representatives of the External Auditors also attended specific meetings for matters that require their input.

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 Meeting recorded were circulated to all members of the Board and tabled at the Board Meetings for notation.

AUDIT COMMITTEE REPORT

REVIEW OF THE AC'S TERM OF OFFICE AND PERFORMANCE

Pursuant to Paragraph 15.20 of the MMLR of Bursa Securities, the Board, through the Nominating Committee had on 10 May 2022, reviewed the term of office and performance of the AC and each of its members. Having considered the Nominating Committee's evaluation along with the results of the Board Evaluation Exercise for the financial year ended 28 February 2022, which was facilitated by the Company Secretary, and the AC members' Self & Peer Evaluation tabled to the Board on 10 May 2022, the Board is satisfied with the overall effectiveness of the AC, in which the AC and each of its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference. The details of the Terms of Reference of the AC are available on the Group's corporate website at <https://www.aeoncredit.com.my/aeon-corporate/corporate-governance>.

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 quarterly unaudited 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 20 April 2022, reviewed the Audited Financial Statements of the Group and of the Company for the financial year ended 28 February 2022 and key audit matter presented 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 2023 at the AC Meeting held on 4 April 2023 and the draft Audited Financial Statements of the Group and of the Company for the financial year ended 28 February 2023 at the Special AC Meeting held on 20 April 2023.

2. External Audit

- a) Reviewed and deliberated the 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 29 March 2022.
- 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 2022.
- c) At the Special AC Meeting held on 20 April 2022, 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 20 April 2022, reviewed and evaluated with Management the performance, competency and professionalism demonstrated by the External Auditors and recommended to the Board on the re-appointment of the External Auditors, Messrs. Deloitte PLT for the financial year ended 28 February 2023. Accordingly, input/feedbacks obtained from the relevant Management personnel, who had substantial contact and dealings with the External Auditors throughout the year, were considered and assessed covering areas such as professional reputation of the external auditors, its quality control processes/performance, the competence of the audit partner and the audit team members assigned to the engagement, adequacy of the audit scope & planning as well as maintaining active communication with the AC and Management during the audit process and their responsiveness in attending to issues. The AC has also reviewed the information presented in the Annual Transparency Report of the External Auditors, which outlined amongst others, the External Auditors' legal and governance structure, the system of quality controls and measures undertaken by the External Auditors to uphold audit quality and manage risks.

- e) 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, audit methodology, timetable and areas of audit focus prior to commencement of the audit for the financial year ended 28 February 2023.
- g) During the financial year, the AC had two (2) private sessions with the Engagement Partner of Messrs. Deloitte PLT on 29 March 2022 and 20 September 2022 to discuss any areas of audit concerns in relation to their work, ensure audit issues were addressed on a timely basis and to obtain their feedback for improvements 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) At the scheduled quarterly AC Meetings, reviewed and deliberated the internal audit reports, which highlighted the audit findings, recommendations and root causes as well as the Management's action plan thereto, to ensure that appropriate actions had been taken by Management to improve the systems of internal controls and the processes on the areas highlighted.
- b) 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.

- c) Evaluated the performance and effectiveness of the Internal Audit function pursuant to Paragraph 15.12 of the MMLR of Bursa Securities, which include the adequacy of the scope, functions, competency and resources of the Internal Audit Division, and that it has the requisite authority to carry out its work independently.
- d) During the financial year, the AC had two (2) private sessions with the Head of Internal Audit Division on 29 March 2022 and 15 December 2022 without the presence of the Executive Board members and Management to enable the Head of Internal Audit Division to discuss any issues or significant matters with the AC privately.
- e) At the AC Meeting held on 15 December 2022, reviewed and approved the Annual Audit Plan of the Internal Audit Division for the financial year ending 29 February 2024, to ensure comprehensiveness of the audit coverage of the various aspects of the business including internal control processes, risk management, corporate governance, compliance to regulatory requirements and recurring related party transactions.

4. Related Party Transactions

- a) At the Special AC Meeting held on 20 April 2022, reviewed the annual circular to shareholders in respect of the proposed renewal of existing 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.
- b) 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 interest of the Company. To ensure proper reporting and disclosure, the aggregate value of the recurrent related party transactions are individually tracked and monitored against the estimated value set in the Shareholders' Mandate.

AUDIT COMMITTEE REPORT

c) Reviewed and recommended to the Board for approval the following proposed Related Party Transactions and Recurrent Related Party Transactions to ensure that the terms and conditions of the transactions are commercially driven and at an arm's length basis:

- Business Advisory Fee Agreement with AEON Financial Service Co., Ltd. for the financial year ended 28 February 2023.
- Renewal of contract with AEON Delight (M) Sdn. Bhd. for placement of advertisement at its vending machines.
- Rental of temporary space/counter at AEON Co. (M) Berhad and AEON BiG (M) Sdn. Bhd. for recruitment of AEON Member Plus Card members.
- Appointment of A.C.S. Credit Management Co. Ltd. for collection scorecard development and deployment.

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 2022 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) At the Special AC Meeting held on 20 April 2022, 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 2022.

7. Other Matters

a) At the AC Meeting held on 29 March 2022, reviewed and deliberated the audit report issued by Management Audit Department, AEON Financial Service Co., Ltd. pursuant to its audit conducted on the Company and the remedial actions taken by Management in respect of the reported findings and the committed timeline to rectify the gaps highlighted.

The progress of the remedial measures taken and implementation status were also reported to the AC regularly to ensure that all matters highlighted in the report are adequately addressed by the Management.

b) Reviewed the proposals presented by Management on the declaration and distributions of interim, final and special dividends to shareholders, taking into consideration the solvency tests performed by Management before recommending such proposals to the Board for consideration.

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 2022 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 2023, which was approved by the AC in December 2021.

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, Outsourced Service Providers and the subsidiary company, AEON Insurance Brokers (M) Sdn. Bhd. (formerly known as Insurepro Sdn. Bhd.).

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. 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 and permitted disclosure, managing risk associated with payment instruments, product transparency and disclosure, responsible financing, credit card, e-money, payment card reform framework and complaint handling.
- 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 action plans in addressing control gaps identified. 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 29 March 2022, 30 June 2022, 20 September 2022 and 15 December 2022. The relevant heads 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 RM2,118,000 (FYE2022: RM2,270,000).

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's Risk Management frameworks.

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.

For the FYE2023, six (6) 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	Attendance
Datuk Adinan bin Maning Chairman/Senior Independent Non-Executive Director	6	6
Datin Khoo Pek Ling Member/Independent Non-Executive Director	6	6
Rashidah binti Abu Bakar Member/Independent Non-Executive Director	6	6

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 FYE2023

For the FYE2023, 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.
- Discussed matters arising from risk management and compliance reports and resolutions of matters addressed.
- Reviewed the money lending operation of the Group and the release of the necessary announcements.
- Reviewed the relevant statements and reports for the inclusion in the Integrated Annual Report 2022.
- Reviewed the Group's Sustainability Framework, 3-year Sustainability Roadmap, Sustainability Statement and key Sustainability initiatives.

RESPONSIBILITIES

Risk Management

- Assessing the Group's processes relating to its risks and control environment.
- Reviewing and recommending risk management strategies, policies, and risk tolerance for the Board's approval.
- Reviewing the adequacy of Group's risk management framework, monitoring principal risks that affects the Group and ensuring that the evaluation of risk management and mitigation measures are in place in order to safeguard shareholders' investments and the Group's assets.
- Conducting annual review on the adequacy and effectiveness of risk management processes and practices.
- Reviewing the Group's stress test procedures including test scenarios, parameters, key assumptions and results.
- Reviewing 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.
- Reviewing the Group's Business Continuity Management Framework and policy for dealing with extreme internal/external events and disasters.
- Reviewing and recommending corrective and preventive measures undertaken to remedy failings and/or weaknesses in the risk management processes and practices.
- Reviewing the risk management report and whether appropriate actions are taken by Management on the recommendations made.
- Reviewing the appointment, transfer and dismissal of the Chief Risk Officer as well as evaluating the adequacy of the risk management function.
- Reviewing the following statements 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
 - Corporate Governance Report

Compliance

- Reviewing and approving legal and compliance frameworks and policies.
- Discussing and deliberating legal and compliance risk issues regularly to ensure the issues are resolved effectively and in timely manner.
- Evaluating the effectiveness of the Group's compliance function and overall management of compliance risk.

Sustainability

- Facilitating and promoting integration of sustainability into business strategy and operations.
- Overseeing the framing of sustainability initiatives.
- Supporting formulation of sustainability policies.

- Overseeing, governing and monitoring performance in relation to execution of sustainability initiatives.
- Reviewing sustainability related matters including the Sustainability Framework, material sustainability risk, material sustainability matters, sustainability performance and reporting.

Other responsibilities

- Reviewing governance related matters that may be considered/requested by the Board from time to time.
- Carrying out such other assignments as may be agreed upon or delegated by the Board.
- Reviewing the Integrated Annual Report prior to Board's approval.
- Reviewing the subsidiary company's risk and compliance issues.
- Providing reasonable oversight over the implementation and effectiveness of the Group's Anti-Bribery compliance programs.

AUTHORITY

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

- Investigate any matter within its terms of reference.
- Seek any information it requires from employees who are required to cooperate with any request made by Committee.
- Have full and unrestricted access to any information pertaining to the Group.
- Have communication channels with internal and external auditors, through the Audit Committee, and with Senior Management of the Group.
- Have access to adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Group.
- 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 performance 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 a Statement on Risk Management and Internal Control. This statement which outlines the nature and the 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 2023 ("FYE2023"), 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 affirms its commitment and overall responsibility to review and approve 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 has always placed significant emphasis on the presence of sound risk management and internal control systems that are necessary in safeguarding the Group's assets and shareholders' interest, as well as to ensure compliance with applicable laws and regulations. In light of the above, the Board ensures that there are proper risk management processes in place to identify, evaluate, review and manage significant or emerging risks that could derail the Group's aim in meeting its objectives.

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

In acknowledging that having sound risk management and internal control systems are crucial, the Group has a governance structure in place 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 effective 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 FYE2023, six (6) 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 sets the strategic direction for the risk roles, responsibilities and reporting structures. Periodic reporting on the risk management activities undertaken by the Management are reported by the BRC to the Board. The BRC is also responsible to review the Group's sustainability related matters, including Sustainability Framework, material matters covering Environment, Social and Governance ("ESG") risks, and sustainability reporting. For more details on the function of the BRC, please refer to BRC Report on pages 100 to 101.

Management Responsibilities

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

- Formulating and reviewing relevant frameworks, policies and procedures to manage risks in accordance to the Group's strategic goals.
- 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.
- Implementing remedial action to address deficiencies that were being identified and tracked for closure. Thereafter, to report to the Board for deliberation.
- Reviewing the changes in the market environment, be it economic, environmental, political or social, on any emerging risks that can affect the Group and its businesses.
- 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 overseen by the Board to review the adequacy and effectiveness of the Group's 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 uniform 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:

- **1st 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.

- **2nd Line of Defence – Risk Controlling**

The second line of defence supports senior management to monitor and review 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.

- **3rd 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 expectations. This assurance function is 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 include the Chief Risk Officer ("CRO") as Chairman and Group/Business Unit Heads as RMC members. The RMC meetings, coordinated by the Risk Management Department are held on a 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 frameworks and policies 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 established a Framework of Technology Risk Management and Cyber Resilience ("TRMCR") which came into effect in September 2022. The framework is to guide and manage technology risks in a systematic and consistent manner to safeguard the Group's information infrastructure, systems, data and cyber resilience, thus placing additional emphasis on cybersecurity to address the trend of increasing cyber threats. The framework is also aligned with the requirements in BNM policy document on Risk Management in Technology ("RMiT"). The Group has also appointed a Chief Information Security Officer ("CISO") who is responsible in ensuring the TRMCR framework is updated in line with regulatory requirements and reviewed annually.

In FYE2023, the Group's Compliance Section has reviewed and revised the Policy of Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT and TFS"). The focus of the revision was mainly on the definition of Politically Exposed Person (PEP) and clauses related to PEP, internal audit function and re-screening of employees. The revision is to ensure that the Group's internal policy and current practices are aligned with the regulatory requirements in the BNM policy document on AML/CFT and TFS.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Furthermore, the Group has obtained recertification on ISO 37001:2016 Anti-Bribery Management System ("ABMS") as a result of the course of audit conducted by the appointed external auditor, SIRIM, in February 2023. The recertification is evident that the Group has reviewed the ABMS performance to ensure continuing suitability, adequacy, effectiveness and alignment with the strategic direction of the Group. Other than ABMS, the Group has also acquired Integrated Management System ("IMS") which is a combination of ISO 9001:2015 Quality Management System ("QMS"), ISO 27001:2013 Information Security Management System ("ISMS") and ISO 14001:2015 Environmental Management System ("EMS").

In ensuring the Board and Management's roles and responsibilities are adequately discharged, the Group has various Management committees and meetings in place to assist and support the Board. Generally, there are two (2) meeting categories which are the Board Level Meeting and Company Level Meeting. The Board Level Meeting is supported by four (4) committees whereas the Company Level Meeting is supported by twelve (12) committees. The committees have specific roles and mandates to provide comprehensive oversight and control functions within the Group.

The Group has been identified as a significant subsidiary of the holding corporation, AEON Financial Service Co.,Ltd. ("AFS") Japan. As a significant subsidiary, the Group is required to comply with the AFS's Framework of Internal Controls over Financial Reporting ("Japanese Sarbanes-Oxley or J-SOX"). Pursuant to this, 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 an annual basis, the Group has engaged Messrs. Deloitte PLT to assess the effectiveness of existing internal controls and financial reporting.

Risk and Compliance Culture

Risk Management Department and Compliance Section 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 frameworks, policies and procedures are reviewed on a periodic basis to meet changes in the business environment, as well as the requirements of applicable laws and regulations.

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 enhancement and strengthening of the Group's policies, processes and controls in managing and preventing non-compliance.

Risk Management Process

a) Risk Identification

It is a process of identifying, understanding and assessing 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 sound system of controls is in place, the Group has upheld 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 feedback on actions required are furnished to the senior management team.
- The Group's core values and Code of Conduct 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 abovementioned 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 Group has an adequately resourced 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 planning methodology to plan and prioritise the audit work focusing on high risk auditable

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 Division 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 Division.



For more details on the function of the Internal Audit Division, please refer to pages 95 to 99, 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 Group that the Group's risk management and internal control systems, in all material aspects, are 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, this Statement has been reviewed by the external auditors for the FYE2023. 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, nor 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 (MFRSs), the International Financial Reporting Standards (IFRSs), the requirements of the CA and the MMLR of Bursa Securities.

The Directors are responsible to ensure that the financial statements of the 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 2023 to the External Auditors and a firm or corporation affiliated to the External Auditors are set out below:

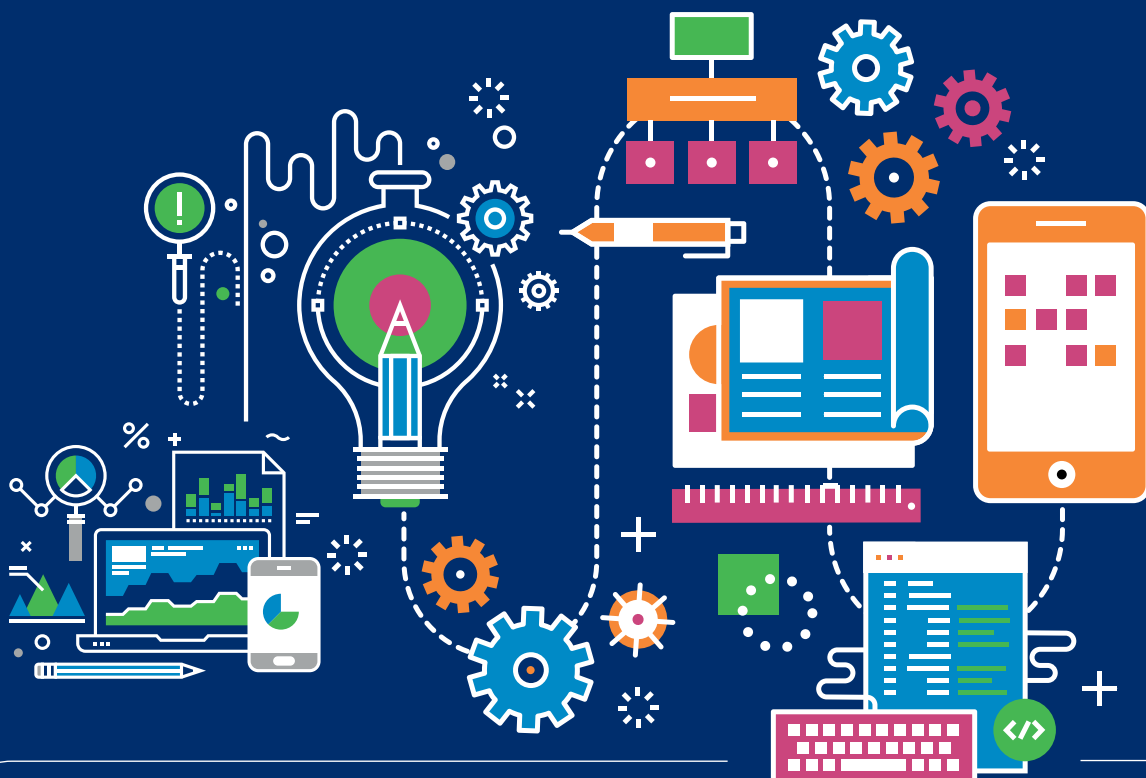
	Group RM'000	Company RM'000
Audit Fees		
- Statutory audit	349	320
- J-SOX Audit	126	126
Total Audit Services	475	446
Non-Audit Fees		
- Statement on Risk Management and Internal Control review	11	11
- Regulatory reporting review	32	32
Total Non-Audit Services	43	43
Total Fees	518	489

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-Fifth (25th) Annual General Meeting ("AGM") held on Wednesday, 29 June 2022, 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 2023 is set out on pages 159 to 162 of the IAR.



FINANCIAL STATEMENTS

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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 2023.

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	417,685	414,725

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 2022:	
- Final single-tier dividend of 15.00 sen per ordinary share, paid on 21 July 2022	38,296
- Special single-tier dividend of 5.00 sen per ordinary share, paid on 21 July 2022	12,766
In respect of the financial year ended 28 February 2023:	
- Interim single-tier dividend of 28.50 sen per ordinary share, paid on 3 November 2022	72,763
Total	123,825

The Directors have proposed a final single-tier dividend of 21.00 sen per ordinary share, amounting to RM53,615,000 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 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 payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 29 February 2024.

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.

DIRECTORS' REPORT

SHARE OPTIONS

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

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

DIRECTORS

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

Ng Eng Kiat
Daisuke Maeda
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
Lee Tyan Jen

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
Lee Kit Seong
Lee Siew Tee
Raja Zailan Putra bin Raja Azam

DIRECTORS' REPORT

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:

	Number of ordinary shares			
	At 1.3.2022	Bought	Sold	At 28.2.2023
Direct interest:				
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 below) 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.

	Group RM'000	Company RM'000
Directors' remuneration:		
Fees	1,528	1,432
Remuneration	2,745	2,035
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	176	176
	4,449	3,643

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

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

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 the of 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's 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 Group 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

Auditors' remuneration of the Group and of the Company are RM518,000 and RM489,000 respectively. Details of auditors' remuneration are as disclosed as below.

	Group RM'000	Company RM'000
Auditors' remuneration:		
- Audit fees		
- statutory audit	349	320
- assurance and compliance related service	126	126
- Non-audit fees	43	43
	518	489

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
9 May 2023

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 2023, 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 117 to 184.

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 2023, 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 2023, financing receivables stand at RM10,048,613,000 (2022: RM9,101,111,000) representing 90.4% (2022: 89.7%) 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 to the financial statements, 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"> 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; 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; assessed the reasonableness and tested the identification and calculation of the overlay adjustments to the ECL; and verified the inputs into the ECL model developed to ensure accuracy and completeness. <p>We involved our IT specialists in the performance of these procedures where their specific expertise was required.</p>

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 scepticism 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.

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)

- 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.
- 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)

Chartered Accountants (AF 0080)

WONG KAR CHOON

Partner - 03153/08/2024 J

Chartered Accountant

9 May 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current Assets					
Plant and equipment	5	114,999	144,289	114,855	144,261
Right-of-use assets	6	37,887	44,678	37,887	44,630
Investment in a subsidiary company	7	-	-	489	489
Other investments	8	26,621	25,725	26,621	25,725
Goodwill on consolidation	9	511	511	-	-
Deferred tax assets	10	197,708	211,797	197,554	211,171
Financing receivables	11	6,896,996	6,170,956	6,896,996	6,170,956
Total Non-current Assets		7,274,722	6,597,956	7,274,402	6,597,232
Current Assets					
Financing receivables	11	3,151,617	2,930,155	3,151,617	2,930,155
Trade receivables	12	1,080	1,508	-	-
Other receivables, deposits and prepayments	13	60,494	56,998	60,427	56,962
Amount owing by related companies	30	11,182	19,235	11,182	19,235
Derivative financial assets	14	226,666	26,057	226,666	26,057
Tax recoverable		-	5	-	-
Cash, bank balances and deposits	15	391,337	508,960	385,752	507,541
Total Current Assets		3,842,376	3,542,918	3,835,644	3,539,950
TOTAL ASSETS		11,117,098	10,140,874	11,110,046	10,137,182

STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	16	584,012	584,012	584,012	584,012
Hedging reserve	17	(10,248)	(49,199)	(10,248)	(49,199)
Fair value reserve	18	4,958	4,062	4,958	4,062
Retained earnings	19	1,746,108	1,462,411	1,740,443	1,459,706
Equity attributable to ordinary equity holders of the Company		2,324,830	2,001,286	2,319,165	1,998,581
Perpetual notes and sukuk	20	200,000	200,000	200,000	200,000
Total Equity		2,524,830	2,201,286	2,519,165	2,198,581
Non-current Liabilities					
Borrowings	21	6,178,775	6,791,891	6,178,775	6,791,891
Lease liabilities	6	20,389	26,797	20,389	26,797
Total Non-current Liabilities		6,199,164	6,818,688	6,199,164	6,818,688
Current Liabilities					
Borrowings	21	1,828,194	598,605	1,828,194	598,605
Trade payables	22	32,510	26,148	30,960	24,331
Other payables and accruals	23	406,806	364,513	406,070	364,334
Amount owing to immediate holding company	30	10,355	7,731	10,355	7,731
Amount owing to related companies	30	5,091	4,842	5,091	4,842
Amount owing to a subsidiary company	30	-	-	1,057	1,060
Derivative financial liabilities	14	52,776	69,655	52,776	69,655
Lease liabilities	6	17,704	18,941	17,704	18,890
Tax liabilities		39,668	30,465	39,510	30,465
Total Current Liabilities		2,393,104	1,120,900	2,391,717	1,119,913
Total Liabilities		8,592,268	7,939,588	8,590,881	7,938,601
TOTAL EQUITY AND LIABILITIES		11,117,098	10,140,874	11,110,046	10,137,182

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 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income, profit revenue and finance charges		1,446,240	1,371,385	1,446,240	1,371,385
Fee income		194,005	153,495	184,943	149,641
Revenue	24	1,640,245	1,524,880	1,631,183	1,521,026
Staff costs	25	(219,353)	(226,842)	(216,434)	(226,012)
Depreciation of plant and equipment		(41,876)	(47,100)	(41,867)	(47,096)
Operating expenses		(682,528)	(660,404)	(682,199)	(660,335)
(Allowance)/Reversal for impairment loss on financing receivables		(30,887)	85,815	(30,887)	85,815
Other income		197,296	181,357	199,205	182,226
Profit from operations		862,897	857,706	859,001	855,624
Finance costs	26	(315,921)	(330,886)	(315,920)	(330,883)
Profit before tax	27	546,976	526,820	543,081	524,741
Taxation	28	(129,291)	(161,401)	(128,356)	(162,027)
Profit for the financial year		417,685	365,419	414,725	362,714
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss:					
Net changes in cash flow hedge		38,951	79,063	38,951	79,063
Item that will not be reclassified subsequently to profit or loss:					
Net fair value changes on investments at fair value through other comprehensive income	8	896	(2,455)	896	(2,455)
Total other comprehensive income for the financial year		39,847	76,608	39,847	76,608
Total comprehensive income for the financial year		457,532	442,027	454,572	439,322
Profit attributable to equity holders of the Company		417,685	365,419	414,725	362,714
Total comprehensive income attributable to equity holders of the Company		457,532	442,027	454,572	439,322
Earnings per ordinary share attributable to owners of the Company (sen)					
Basic	29	159.62	139.17	158.46	138.11

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

Group	Note	<----- Non-distributable ----->				Distributable	
		Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity 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
Total comprehensive income/ (loss) for the year		-	-	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
At 1 March 2022		584,012	200,000	(49,199)	4,062	1,462,411	2,201,286
Cash flow hedge, net of tax		-	-	38,951	-	-	38,951
Fair value through other comprehensive income		-	-	-	896	-	896
Profit for the year		-	-	-	-	417,685	417,685
Total comprehensive income for the year		-	-	38,951	896	417,685	457,532
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(10,163)	(10,163)
Dividends	31	-	-	-	-	(123,825)	(123,825)
At 28 February 2023		584,012	200,000	(10,248)	4,958	1,746,108	2,524,830

Note 17

Note 18

Note 19

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

Company	Note	<----- Non-distributable ----->				Distributable	
		Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity 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
Total comprehensive income/ (loss) for the year		-	-	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
At 1 March 2022		584,012	200,000	(49,199)	4,062	1,459,706	2,198,581
Cash flow hedge, net of tax		-	-	38,951	-	-	38,951
Fair value through other comprehensive income		-	-	-	896	-	896
Profit for the year		-	-	-	-	414,725	414,725
Total comprehensive income for the year		-	-	38,951	896	414,725	454,572
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(10,163)	(10,163)
Dividends	31	-	-	-	-	(123,825)	(123,825)
At 28 February 2023		584,012	200,000	(10,248)	4,958	1,740,443	2,519,165
				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 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	546,976	526,820	543,081	524,741
Adjustments for:				
Interest/profit income from deposits with licensed financial institutions	(8,496)	(13,553)	(8,441)	(13,553)
Gain on disposal of plant and equipment	(27)	(144)	(27)	(144)
Dividend income	(9)	-	(9)	-
Finance costs	314,078	328,580	314,078	328,580
Interest expense on lease liabilities	1,843	2,306	1,842	2,303
Depreciation of plant and equipment	41,876	47,100	41,867	47,096
Depreciation of right-of-use assets	21,013	22,401	20,965	22,354
Allowance/(Reversal) for impairment loss on financing receivables	30,887	(85,815)	30,887	(85,815)
Write-off on financing receivables	416,945	389,100	416,945	389,100
Allowance for impairment loss on trade receivables	12	-	-	-
Write-off of plant and equipment	4,716	34	4,716	34
Operating Profit Before Changes in Working Capital	1,369,814	1,216,829	1,365,904	1,214,696
Changes in working capital:				
Financing receivables	(1,395,334)	(168,350)	(1,395,334)	(168,350)
Trade receivables	416	(1,467)	-	-
Other receivables, deposits and prepayments	(3,496)	6,402	(3,465)	6,413
Amount owing by related companies	8,053	6,377	8,053	6,377
Trade payables	6,362	4,936	6,629	3,168
Other payables and accruals	37,002	140,591	36,445	140,470
Amount owing to immediate holding company	2,624	1,145	2,624	1,145
Amount owing to related companies	249	(15,425)	249	(15,425)
Amount owing to a subsidiary company	-	-	(3)	1,060
Cash held in trust for customers	(8,847)	(7,132)	(8,594)	(7,132)
Cash Generated From Operations	16,843	1,183,906	12,508	1,182,422
Tax paid	(115,086)	(181,214)	(114,786)	(181,215)
Net Cash (Used In)/From Operating Activities	(98,243)	1,002,692	(102,278)	1,001,207

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment	5	(17,350)	(53,759)	(17,225)	(53,730)
Proceeds from disposal of plant and equipment		75	326	75	326
Addition of other investments		-	(535)	-	(535)
Acquisition of a subsidiary, net of cash acquired		-	(449)	-	(489)
Interest/profit income from deposits with licensed financial institutions received		8,496	13,553	8,441	13,553
Dividend income		9	-	9	-
Net Cash Used In Investing Activities		(8,770)	(40,864)	(8,700)	(40,875)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to equity holders of the Company		(123,825)	(123,825)	(123,825)	(123,825)
Proceeds from bank borrowings	(ii)	1,050,000	750,000	1,050,000	750,000
Repayment of bank borrowings	(ii)	(599,764)	(1,156,688)	(599,764)	(1,156,688)
Distribution paid to perpetual notes and sukuk holders		(13,371)	(13,300)	(13,371)	(13,300)
Repayment of lease liabilities	6	(23,710)	(24,173)	(23,658)	(24,096)
Decrease/(Increase) in deposits held in trust account		27	(1)	27	(1)
Finance costs paid		(308,787)	(331,563)	(308,787)	(331,563)
Net Cash Used In Financing Activities		(19,430)	(899,550)	(19,378)	(899,473)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(126,443)	62,278	(130,356)	60,859
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		468,233	405,955	466,814	405,955
CASH AND CASH EQUIVALENTS AT END OF YEAR	(i)	341,790	468,233	336,458	466,814

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

(i) Cash and cash equivalents

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

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	15	95,993	96,729	93,965	95,310
Deposits placed with licensed financial institutions	15	295,344	412,231	291,787	412,231
		391,337	508,960	385,752	507,541
Cash held in trust for customers	15	(49,411)	(40,564)	(49,158)	(40,564)
Deposits held in trust account	15	(136)	(163)	(136)	(163)
		341,790	468,233	336,458	466,814

(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 and Company	
	2023 RM'000	2022 RM'000
At beginning of year	7,390,496	7,662,910
Proceeds from borrowings	1,050,000	750,000
Repayments of borrowings	(599,764)	(1,156,688)
Foreign exchange movement	166,237	134,274
At end of year	8,006,969	7,390,496

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, 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 have been no significant changes in the nature of these principal activities 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 9 May 2023.

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 2022.

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

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 Group and 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 MFRS 17 - Comparative Information*

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*

Effective date of these Amendments to Standards has been deferred, and yet to be announced

- Amendments to MFRS 10 and MFRS 128 - *Sale or contribution of Assets between an Investor and its Associate or Joint Venture*

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 value-in-use in MFRS 136 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated financial statements incorporate the financial statements of the Company and its subsidiary. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 programme

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 programme.

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.

Employee benefits

- (i) 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.

- (ii) 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 contributions to EPF are disclosed separately.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 investments 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings per ordinary share

The Group and the Company present 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

(ii) Recognition and initial measurement (continued)

Company as a lessee (continued)

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

- Fixed payments, including in-substance fixed payments less any incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

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

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

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

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised in the 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 changes 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

(iii) Derecognition of financial assets (continued)

(b) Derecognition other than for substantial modification

The 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

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 and the Company's historical experience and informed credit assessment with consideration of forward-looking information.

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 and the Company'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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) 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.

(ii) 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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash flow hedge

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the Company's accounting policies

In the process of applying the 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 COVID-19 pandemic, management judgement and overlays have been applied to determine an adequate overall level of ECL for the financial years ended 28 February 2023 and 28 February 2022. These overlays took into consideration the latest macroeconomic outlook not captured in the modeled 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 COVID-19. The impact of these overlays, which are estimated at portfolio level and remained outside the core MFRS 9 process, amounted to RM105,036,000 (2022: RM118,149,000).

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(ii) Deferred tax assets (Note 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.

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
Cost							
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/ At 1 March 2022	9,348	319,824	2,605	16,624	54,229	16,548	419,178
Additions	350	7,837	-	221	37	8,905	17,350
Disposals	-	(2,229)	-	-	-	-	(2,229)
Write-off	(570)	(2,353)	-	(361)	(115)	(4,414)	(7,813)
Reclassification	-	12,284	-	-	15	(12,299)	-
At 28 February 2023	9,128	335,363	2,605	16,484	54,166	8,740	426,486
Accumulated Depreciation							
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/ At 1 March 2022	7,122	201,947	1,407	16,471	47,942	-	274,889
Charge for the year	1,096	36,383	375	211	3,811	-	41,876
Disposals	-	(2,181)	-	-	-	-	(2,181)
Write-off	(565)	(2,088)	-	(361)	(83)	-	(3,097)
At 28 February 2023	7,653	234,061	1,782	16,321	51,670	-	311,487
Carrying amounts							
At 28 February 2022	2,226	117,877	1,198	153	6,287	16,548	144,289
At 28 February 2023	1,475	101,302	823	163	2,496	8,740	114,999

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
Cost							
At 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/ 1 March 2022	9,250	319,824	2,423	16,566	53,970	16,548	418,581
Additions	311	7,837	-	218	28	8,831	17,225
Disposals	-	(2,229)	-	-	-	-	(2,229)
Write-off	(570)	(2,353)	-	(361)	(115)	(4,414)	(7,813)
Reclassification	-	12,284	-	-	15	(12,299)	-
At 28 February 2023	8,991	335,363	2,423	16,423	53,898	8,666	425,764
Accumulated Depreciation							
At 1 March 2021	5,633	170,235	1,678	14,866	40,503	-	232,915
Charge for the year	1,552	36,062	360	1,589	7,533	-	47,096
Disposals	-	(4,260)	(813)	-	-	-	(5,073)
Write-off	(128)	(90)	-	(42)	(358)	-	(618)
Reclassification	(9)	-	-	-	9	-	-
At 28 February 2022/ 1 March 2022	7,048	201,947	1,225	16,413	47,687	-	274,320
Charge for the year	1,089	36,383	375	211	3,809	-	41,867
Disposals	-	(2,181)	-	-	-	-	(2,181)
Write-off	(565)	(2,088)	-	(361)	(83)	-	(3,097)
At 28 February 2023	7,572	234,061	1,600	16,263	51,413	-	310,909
Carrying amounts							
At 28 February 2022	2,202	117,877	1,198	153	6,283	16,548	144,261
At 28 February 2023	1,419	101,302	823	160	2,485	8,666	114,855

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

Group	Office floors space RM'000	Computer equipment RM'000	Total RM'000
Cost			
At 1 March 2021	78,352	16,465	94,817
Acquisition of subsidiary company	59	-	59
Additions	10,705	2,831	13,536
Termination	(15,947)	(2,129)	(18,076)
At 28 February 2022/1 March 2022	73,169	17,167	90,336
Additions	14,222	-	14,222
Termination	(12,369)	-	(12,369)
At 28 February 2023	75,022	17,167	92,189
Accumulated depreciation			
At 1 March 2021	36,688	4,594	41,282
Acquisition of subsidiary company	51	-	51
Charge for the year	18,663	3,738	22,401
Termination	(15,947)	(2,129)	(18,076)
At 28 February 2022/1 March 2022	39,455	6,203	45,658
Charge for the year	17,143	3,870	21,013
Termination	(12,369)	-	(12,369)
At 28 February 2023	44,229	10,073	54,302
Carrying amounts			
At 28 February 2022	33,714	10,964	44,678
At 28 February 2023	30,793	7,094	37,887

Company

Cost			
At 1 March 2021	78,352	16,465	94,817
Additions	10,618	2,831	13,449
Termination	(15,882)	(2,129)	(18,011)
At 28 February 2022/1 March 2022	73,088	17,167	90,255
Additions	14,222	-	14,222
Termination	(12,288)	-	(12,288)
At 28 February 2023	75,022	17,167	92,189
Accumulated depreciation			
At 1 March 2021	36,688	4,594	41,282
Charge for the year	18,616	3,738	22,354
Termination	(15,882)	(2,129)	(18,011)
At 28 February 2022/1 March 2022	39,422	6,203	45,625
Charge for the year	17,095	3,870	20,965
Termination	(12,288)	-	(12,288)
At 28 February 2023	44,229	10,073	54,302
Carrying amounts			
At 28 February 2022	33,666	10,964	44,630
At 28 February 2023	30,793	7,094	37,887

NOTES TO THE FINANCIAL STATEMENTS

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

The Group and the Company lease several assets including office floors space and computer equipment. The lease terms range from one to five years (2022: one to four years).

Lease liabilities

The lease liabilities component is analysed as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current	20,389	26,797	20,389	26,797
Current	17,704	18,941	17,704	18,890
	38,093	45,738	38,093	45,687

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 March	45,738	54,031	45,687	54,031
Acquisition of subsidiary	-	38	-	-
Repayment of lease liabilities	(23,710)	(24,173)	(23,658)	(24,096)
Additions	14,222	13,536	14,222	13,449
Interest on lease liabilities	1,843	2,306	1,842	2,303
At 28 February	38,093	45,738	38,093	45,687

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

The following are amounts recognised in profit or loss:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of right-of-use assets (Note 27)	21,013	22,401	20,965	22,354
Interest expense on lease liabilities (Note 26)	1,843	2,306	1,842	2,303
Expenses relating to short-term leases (Note 27)	7,470	6,819	7,462	6,819
Expenses relating to leases of low value assets (Note 27)	2,041	4,173	2,041	4,173

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN A SUBSIDIARY COMPANY

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost	489	489

The details of the subsidiary company are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activity
		2023	2022	
		%	%	
AEON Insurance Brokers (M) Sdn. Bhd. (Formerly known as Insurepro Sdn. Bhd.)*	Malaysia	100	100	Insurance broker

* Audited by Deloitte PLT

In the previous financial year, the Company completed the acquisition of the entire equity interest of 1,440,000 ordinary shares in AEON Insurance Brokers (M) Sdn. Bhd. for a purchase consideration of RM489,000.

8. OTHER INVESTMENTS

	Group and Company	
	2023	2022
	RM'000	RM'000
Non-current		
At 1 March	25,725	27,645
Additions	-	535
Changes in fair value recognised in other comprehensive income	896	(2,455)
At 28 February	26,621	25,725
Fair value through other comprehensive income:		
Quoted equity in Malaysia	238	428
Unquoted investments outside Malaysia	26,383	25,297
	26,621	25,725
Representing items:		
At fair value	26,621	25,725

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INVESTMENTS (CONTINUED)

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

Name of company	Country of incorporation	Principal activities	Effective equity interest	
			2023 %	2022 %
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	4	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) On 11 May 2022, ACSI increased its authorised and paid up share capital from INR3,200,000,000 to INR4,200,000,000 following an equity restructuring exercise. Consequently, the effective equity interest of the Company decreased from 6% to 4%.
- (iii) In the previous 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.

9. GOODWILL ON CONSOLIDATION

Cost	Group	
	2023 RM'000	2022 RM'000
At 1 March	511	-
Addition	-	511
At 28 February	511	511

Goodwill will be assessed annually for impairment. The Group determines the recoverable amounts based on the value-in-use calculation using cash flow projections from financial budgets approved by management covering a three-year period.

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Plant and equipment	(9,953)	(9,434)	(9,961)	(9,431)
Hedging reserve	3,228	15,528	3,228	15,528
Impairment loss on financing receivables	151,269	147,579	151,269	147,579
Recognition of interest income/profit revenue	42,681	44,369	42,681	44,369
Provision for bonus and others	10,551	13,019	10,406	12,991
Unused tax losses	-	600	-	-
Leases	(68)	136	(69)	135
Net deferred tax assets	197,708	211,797	197,554	211,171

Movement in temporary differences during the year

	At 1 March 2021 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 28 February 2022/ 1 March 2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 28 February 2023 RM'000
Group							
Plant and equipment	(8,748)	(686)	-	(9,434)	(519)	-	(9,953)
Hedging reserve	40,496	-	(24,968)	15,528	-	(12,300)	3,228
Impairment loss on financing receivables	160,680	(13,101)	-	147,579	3,690	-	151,269
Recognition of interest income/ profit revenue	45,970	(1,601)	-	44,369	(1,688)	-	42,681
Provision for bonus and others	9,299	3,720	-	13,019	(2,468)	-	10,551
Unused tax losses	-	600	-	600	(600)	-	-
Leases	119	17	-	136	(204)	-	(68)
	247,816	(11,051)	(24,968)	211,797	(1,789)	(12,300)	197,708

Company

Plant and equipment	(8,748)	(683)	-	(9,431)	(530)	-	(9,961)
Hedging reserve	40,496	-	(24,968)	15,528	-	(12,300)	3,228
Impairment loss on financing receivables	160,680	(13,101)	-	147,579	3,690	-	151,269
Recognition of interest income/ profit revenue	45,970	(1,601)	-	44,369	(1,688)	-	42,681
Provision for bonus and others	9,299	3,692	-	12,991	(2,585)	-	10,406
Leases	119	16	-	135	(204)	-	(69)
	247,816	(11,677)	(24,968)	211,171	(1,317)	(12,300)	197,554

Note 28

Note 28

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCING RECEIVABLES

	Group and Company 2023 RM'000	2022 RM'000
Financing receivables from customers	14,544,785	13,051,856
Less: Unearned carrying charges	(3,708,988)	(3,194,448)
Gross financing receivables	10,835,797	9,857,408
Less: Allowance for impairment loss	(787,184)	(756,297)
	10,048,613	9,101,111
Less: Non-current financing receivables	(6,896,996)	(6,170,956)
Current financing receivables	3,151,617	2,930,155

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

Group and Company	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/At 1 March 2022	212,758	267,096	276,443	756,297
- Transfers to Stage 1	120,815	(104,808)	(16,007)	-
- Transfers to Stage 2	(7,902)	21,673	(13,771)	-
- Transfers to Stage 3	(4,861)	(25,965)	30,826	-
Net measurement of allowances	(149,681)	47,497	505,007	402,823
Changes to risk parameters	66,792	34,551	(30,819)	70,524
New financial assets originated	103,701	40,549	46,530	190,780
Financial assets derecognised	(36,953)	(64,557)	(114,785)	(216,295)
	91,911	(51,060)	406,981	447,832
Write-off (Note 27)	-	-	(416,945)	(416,945)
At 28 February 2023	304,669	216,036	266,479	787,184

Included in gross financing receivables are:

- An amount of RM9,582,976,000 (2022: RM8,747,541,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles; and
- An amount of RM1,917,000 (2022: RM4,622,000) owing by related companies which is subject to normal trade terms.

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
Trade receivables	1,092	1,508
Less: Allowance for impairment loss	(12)	-
	1,080	1,508

Trade receivables mainly represent brokerage fee income due from insurance companies and clients with credit periods ranging from 30 to 60 days (2022: 30 to 60 days). No interest is charged on outstanding trade receivables.

The table below shows the ageing of trade receivables as of the end of the reporting period:

Group	Gross carrying amount RM'000	Allowance for impairment loss RM'000	Net carrying amount RM'000
2023			
Not past due	882	-	882
Past due 31 to 60 days	79	-	79
Past due 61 to 180 days	131	(12)	119
	1,092	(12)	1,080
2022			
Not past due	1,297	-	1,297
Past due 31 to 60 days	187	-	187
Past due 61 to 180 days	21	-	21
Past due more than 365 days	3	-	3
	1,508	-	1,508

The Group measures the allowances for impairment loss for trade receivables at an amount equal to lifetime ECL.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	31,289	24,130	31,268	24,130
Deposits	8,385	8,483	8,365	8,458
Prepayments	20,820	24,385	20,794	24,374
	60,494	56,998	60,427	56,962

NOTES TO THE FINANCIAL STATEMENTS

14. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group and Company	2023		2022	
	Notional value RM'000	Assets/ (Liabilities) RM'000	Notional value RM'000	Assets/ (Liabilities) RM'000
Derivatives used for hedging				
- Cross currency swaps	3,216,754	226,666	863,120	26,057
- Cross currency swaps	451,343	(52,776)	2,538,740	(69,655)

Cross currency swaps are used to manage foreign currency and interest rate exposures arising from borrowings denominated in foreign currencies.

15. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	95,993	96,729	93,965	95,310
Deposits placed with licensed financial institutions	295,344	412,231	291,787	412,231
	391,337	508,960	385,752	507,541

Included in cash, bank balances and deposits are the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash held in trust for customers in relation to AEON E-wallet	49,411	40,564	49,158	40,564
Deposits held in trust account with licensed banks	136	163	136	163
	49,547	40,727	49,294	40,727

16. SHARE CAPITAL

Group and Company	Number of shares 2023 '000	Amount 2023 RM'000	Number of shares 2022 '000	Amount 2022 RM'000
Issued and fully paid:				
At 1 March/At 28 February	255,308	584,012	255,308	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.

NOTES TO THE FINANCIAL STATEMENTS

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.

20. PERPETUAL NOTES AND SUKUK

	Group and Company	
	2023	2022
	RM'000	RM'000
Perpetual notes	100,000	100,000
Perpetual sukuk	100,000	100,000
	200,000	200,000

(i) Perpetual notes

On 10 December 2018, the Company issued a tranche of unrated subordinated perpetual notes ("perpetual notes") at a 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:

- (a) The distribution rate for five (5) years from issuance date is 6.65% (2022: 6.65%) per annum, with distributions to be made on semi-annual basis in arrears;
- (b) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) The redemption of the perpetual notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- (g) The holders of the perpetual notes do not have any voting rights in the Company; and
- (h) The perpetual notes rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

20. PERPETUAL NOTES AND SUKUK (CONTINUED)

(ii) Perpetual sukuk

On 10 December 2018, the Company issued a tranche of unrated subordinated Islamic Perpetual Sukuk ("perpetual sukuk") at a 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 under the Perpetual Sukuk Programme which was established on 6 November 2013.

The salient features of the perpetual sukuk issued are as follows:

- (a) The distribution rate for five (5) years from issuance date is 6.65% (2022: 6.65%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (b) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (c) 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;
- (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

		Group and Company	
		2023	2022
	Note	RM'000	RM'000
Non-current (Unsecured)			
Term loans/financing	(i)	5,479,903	6,093,255
Senior sukuk	(ii)	499,150	498,953
Subordinated sukuk	(ii)	199,722	199,683
		6,178,775	6,791,891
Current (Unsecured)			
Term loans/financing	(i)	1,678,194	598,605
Revolving credit		150,000	-
		1,828,194	598,605
		8,006,969	7,390,496

NOTES TO THE FINANCIAL STATEMENTS

21. BORROWINGS (CONTINUED)

The currency profile of borrowings is as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
RM	4,338,872	3,988,636
United States Dollar ("USD")	3,362,171	3,063,309
Japanese Yen ("JPY")	305,926	338,551
	8,006,969	7,390,496

(i) Term loans/financing and revolving credit

The term loans/financing and revolving credit 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 2023, the Group and the Company have banking facilities totaling RM12,381,678,000 (2022: RM11,880,208,000) obtained from licensed banks and financial institutions.

The interest rates are disclosed in Note 34.

(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

NOTES TO THE FINANCIAL STATEMENTS

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 (2022: 2 to 3) days.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other payables	210,529	159,983	210,523	159,957
Accruals	196,277	204,530	195,547	204,377
	406,806	364,513	406,070	364,334

24. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income, profit revenue and finance charges	1,446,240	1,371,385	1,446,240	1,371,385
Fee income	184,943	149,641	184,943	149,641
Brokerage fee	9,062	3,854	-	-
	194,005	153,495	184,943	149,641
	1,640,245	1,524,880	1,631,183	1,521,026

The timing of revenue for fee income recognition is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Recognised at point in time	143,050	111,416	133,988	107,562
Recognised over time	50,955	42,079	50,955	42,079
	194,005	153,495	184,943	149,641

Except for fee income from extended warranty programme 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.

25. STAFF COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, bonuses and allowances	184,254	190,889	181,835	190,165
Defined contribution plan	26,919	27,224	26,554	27,125
Other staff benefits	8,180	8,729	8,045	8,722
	219,353	226,842	216,434	226,012

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest/profit expense on:				
Islamic commercial paper	417	436	417	436
Term loans/financing	283,790	300,860	283,790	300,860
Senior sukuk and subordinated sukuk	27,364	27,284	27,364	27,284
Revolving credit	2,507	-	2,507	-
	314,078	328,580	314,078	328,580
Interest on lease liabilities (Note 6)	1,843	2,306	1,842	2,303
	315,921	330,886	315,920	330,883

27. PROFIT BEFORE TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
- statutory audit	349	333	320	300
- assurance and compliance related service	126	120	126	120
- Non-audit fees	43	160	43	160
Depreciation of plant and equipment (Note 5)	41,876	47,100	41,867	47,096
Depreciation of right-of-use assets (Note 6)	21,013	22,401	20,965	22,354
Directors' remuneration	4,449	3,248	3,643	3,019
Write-off of plant and equipment (Note 5)	4,716	34	4,716	34
Write-off on financing receivables (Note 11)	416,945	389,100	416,945	389,100
Allowance for impairment loss on trade receivables	12	-	-	-
Rental expenses in respect of:				
- Office premises (Note 6)	7,470	6,819	7,462	6,819
- Office equipment (Note 6)	2,041	4,173	2,041	4,173
And after crediting:				
Bad debts recovered	181,665	156,364	181,665	156,364
Gain on disposal of plant and equipment	27	144	27	144
Dividend income	9	-	9	-
Interest/profit income from deposits with licensed financial institutions	8,496	13,553	8,441	13,553

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		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration:				
Fees	1,528	1,529	1,432	1,497
Remuneration	2,745	1,650	2,035	1,453
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	176	69	176	69
	4,449	3,248	3,643	3,019

28. TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
Current year	135,496	149,406	135,033	149,406
(Over)/Under provision in prior years	(7,994)	944	(7,994)	944
	127,502	150,350	127,039	150,350
Deferred tax (Note 10):				
Current year	506	16,463	33	16,090
Under/(Over) provision in prior years	1,283	(5,412)	1,284	(4,413)
	1,789	11,051	1,317	11,677
Total tax expenses	129,291	161,401	128,356	162,027

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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	546,976	526,820	543,081	524,741
Tax calculated using				
Malaysian income tax rate of 24% (2022: 24%)	131,275	126,437	130,340	125,938
Effect of increase in tax rate due to				
Cukai Makmur	-	33,331	-	33,331
Tax effect of non-deductible expenses	4,727	6,101	4,726	6,227
	136,002	165,869	135,066	165,496
(Over)/Under provision in prior years				
- income tax	(7,994)	944	(7,994)	944
- deferred tax	1,283	(5,412)	1,284	(4,413)
	129,291	161,401	128,356	162,027
Deferred tax recognised directly in other comprehensive income				
Hedging reserve	(12,300)	(24,968)	(12,300)	(24,968)

Under the 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 was taxed at 24%, and the remaining chargeable income in excess of RM100 million was taxed at 33% in the previous financial year.
- 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.

The Group's unused tax losses will expire as follows:

	Group		
	2023 RM'000	2022 RM'000	Expiry in year
Year of assessment			
2018 and before	-	799	2028
2019	-	621	2029
2020	-	640	2030
2021	-	440	2031
	-	2,500	

As at 28 February 2023, the Group has fully utilised the unused tax losses brought forward against the current year estimated chargeable income of the subsidiary company.

In the previous financial year, 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.

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 outstanding during the year.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit attributable to equity holders	417,685	365,419	414,725	362,714
Distribution to the holders of perpetual notes and sukuk, net of tax	(10,163)	(10,108)	(10,163)	(10,108)
Profit attributable to ordinary equity holders	407,522	355,311	404,562	352,606
Weighted average number of ordinary shares ('000 unit)	255,308	255,308	255,308	255,308
Basic earnings per share (sen)	159.62	139.17	158.46	138.11

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 to related companies, which arose mainly from sales, management fees and payments on behalf, are unsecured, interest-free and repayable on demand.

Amount owing by a subsidiary company, which arose mainly from commission income, management fees and payments on behalf, are unsecured, interest-free and repayable on demand.

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the 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.

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY DISCLOSURES (CONTINUED)

The amount owing to immediate holding company, amount owing by/to related companies and amount owing to a subsidiary company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
- Amount owing by related companies	11,182	19,235	11,182	19,235
- Amount owing to immediate holding company	(10,355)	(7,731)	(10,355)	(7,731)
- Amount owing to related companies	(5,091)	(4,842)	(5,091)	(4,842)
- Amount owing to a subsidiary company	-	-	(1,057)	(1,060)
	(4,264)	6,662	(5,321)	5,602

The amount owing to/by related parties are all denominated in RM.

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		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Related companies				
AEON CO. (M) BHD.				
Trade				
Customers' transactions via related company				
Sales through easy payment schemes	3,742	3,732	3,742	3,732
Sales through AEON credit cards	1,079,644	1,024,498	1,079,644	1,024,498
Sales through E-Money	100,476	112,689	100,476	112,689
Revenue				
Credit cards commission income	7,394	7,093	7,394	7,093
E-Money commission income and processing fees	3,629	3,139	3,629	3,139
Non-Trade				
Expenses				
Office and promotion space rental	(13,712)	(17,567)	(13,712)	(17,567)
AEON Big (M) Sdn. Bhd.				
Trade				
Customers' transactions via related company				
Sales through easy payment schemes	1,176	539	1,176	539
Sales through AEON credit cards	522,766	298,411	522,766	298,411
Sales through E-Money	13,872	13,771	13,872	13,771
Revenue				
Credit cards commission income	3,675	2,159	3,675	2,159
E-Money commission income and processing fees	776	784	776	784
Non-Trade				
Expenses				
Office and promotion space rental	(6,035)	(6,747)	(6,035)	(6,747)

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
AEON Delight (Malaysia) Sdn. Bhd.				
Trade				
Provision of financing				
Instalment scheme for purchase of equipment	-	773	-	773
Revenue				
Interest income/profit revenue from easy payment scheme	113	148	113	148
Non-Trade				
Expenses				
Cleaning services	(693)	(633)	(693)	(633)
Advertisement space rental	(1,329)	(1,564)	(1,329)	(1,564)
AEON Fantasy (Malaysia) Sdn. Bhd.				
Trade				
Customers' transactions via related company				
Sales through AEON credit cards and E-Money	12,320	2,234	12,320	2,234
Provision of financing				
Instalment scheme for purchase of equipment	225	-	225	-
Revenue				
Credit cards commission income	68	11	68	11
Interest income/profit revenue from easy payment scheme	66	114	66	114
ACS Digital Berhad				
Non-Trade				
Other income				
Support fee	256	-	256	-
Interest on payment made on behalf	94	-	94	-
Immediate holding company				
AEON Financial Service Co., Ltd.				
Non-Trade				
Expenses				
Corporate support fees	(13,763)	(14,197)	(13,763)	(14,197)
IT systems development cost	(2,288)	(4,517)	(2,288)	(4,517)

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2023 RM'000	2022 RM'000
Subsidiary company		
AEON Insurance Brokers (M) Sdn. Bhd.		
Non-Trade		
Other income		
Management fee	281	115
Insurance commission income	1,710	796
Expenses		
Administrative service fee	(188)	(111)

Key management personnel

The remuneration of the key management personnel, including Directors, during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors' fees	1,528	1,529	1,432	1,497
Salaries, allowances and bonuses	5,365	4,088	4,753	3,918
Defined contribution plan	662	421	564	394
Other short-term employee benefits	194	132	194	132
	7,749	6,170	6,943	5,941

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
2023			
Interim single-tier for 2023	28.50	72,763	3 November 2022
Final single-tier for 2022	15.00	38,296	21 July 2022
Special single-tier for 2022	5.00	12,766	21 July 2022
		123,825	
2022			
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	

NOTES TO THE FINANCIAL STATEMENTS

31. DIVIDENDS (CONTINUED)

After the end of the reporting period, the following dividend was proposed by the Directors:

	Net dividend per ordinary share sen	Total amount RM'000
Final single-tier for 2023	21.00	53,615

The dividend will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

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 subsidiary company which is principally engaged in business operations as an insurance broker remains insignificant to the Group.

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 and Company	
	2023 RM'000	2022 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	22,708	49,305

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 their 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 policies are 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.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categories of Financial Instruments

Group	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
2023				
Financial assets				
Other investments	26,621	-	26,621	-
Financing receivables	10,048,613	10,048,613	-	-
Trade receivables	1,080	1,080	-	-
Other receivables and deposits	39,674	39,674	-	-
Amount owing by related companies	11,182	11,182	-	-
Derivative financial assets	226,666	-	-	226,666
Cash, bank balances and deposits	391,337	391,337	-	-
	10,745,173	10,491,886	26,621	226,666
		Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
Financial liabilities				
Borrowings		8,006,969	8,006,969	-
Trade payables		32,510	32,510	-
Other payables and accruals		406,806	406,806	-
Amount owing to immediate holding company		10,355	10,355	-
Amount owing to related companies		5,091	5,091	-
Derivative financial liabilities		52,776	-	52,776
Lease liabilities		38,093	38,093	-
		8,552,600	8,499,824	52,776

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
2023				
Financial assets				
Other investments	26,621	-	26,621	-
Financing receivables	10,048,613	10,048,613	-	-
Other receivables and deposits	39,633	39,633	-	-
Amount owing by related companies	11,182	11,182	-	-
Derivative financial assets	226,666	-	-	226,666
Cash, bank balances and deposits	385,752	385,752	-	-
	10,738,467	10,485,180	26,621	226,666
		Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
Financial liabilities				
Borrowings		8,006,969	8,006,969	-
Trade payables		30,960	30,960	-
Other payables and accruals		406,070	406,070	-
Amount owing to immediate holding company		10,355	10,355	-
Amount owing to related companies		5,091	5,091	-
Amount owing to a subsidiary company		1,057	1,057	-
Derivative financial liabilities		52,776	-	52,776
Lease liabilities		38,093	38,093	-
		8,551,371	8,498,595	52,776

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

(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

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(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 are commensurate to the risk taken.

The Group's and the Company's exposures to credit risk arises principally from its financing receivables, 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 is promptly identified, analysed and reviewed with relevant business units.

(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 amounted to RM6,198,590,000 (2022: RM5,731,859,000). 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 Planning 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 financial year 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
2023					
Stage 1	0 to 30	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	9,798,621	(304,669)	9,493,952
Stage 2	31 to 60	Lifetime expected losses	387,135	(127,047)	260,088
	61 to 90		155,078	(88,989)	66,089
			542,213	(216,036)	326,177
Stage 3	More than 90 and restructured	Lifetime expected losses	494,963	(266,479)	228,484
			10,835,797	(787,184)	10,048,613
2022					
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

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 RM111,674,000 (2022: RM101,553,000) for these renegotiated/restructured financing receivables. The status of net renegotiated/restructured receivables are as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
Past due 0 to 30 days	136,172	129,623
Past due 31 to 60 days	3,382	7,036
Past due 61 to 90 days	1,742	5,222
Past due more than 90 days	2,217	4,395
	143,513	146,276

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.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(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 practices are 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.

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 2023, the Group and the Company have unutilised lines of credit amounting to RM4,561,000,000 (2022: RM4,509,000,000) obtained from licensed banks and financial institutions.

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 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
2023							
Financial assets							
Other investments	-	-	-	-	-	26,621	26,621
Financing receivables	16.74	3,151,617	2,169,594	3,732,630	994,772	-	10,048,613
Trade receivables	-	1,080	-	-	-	-	1,080
Other receivables and deposits	-	39,674	-	-	-	-	39,674
Amount owing by related companies	-	11,182	-	-	-	-	11,182
Cash and bank balances	-	95,993	-	-	-	-	95,993
Deposits placed with licensed financial institutions	2.83	295,344	-	-	-	-	295,344
Total assets		3,594,890	2,169,594	3,732,630	994,772	26,621	10,518,507
Financial liabilities							
Unsecured term loans/financing/revolving credit	4.22	1,828,194	1,702,031	3,577,872	200,000	-	7,308,097
Senior sukuk/Subordinated sukuk	3.87	-	-	499,150	199,722	-	698,872
Trade payables	-	32,510	-	-	-	-	32,510
Other payables and accruals	-	406,806	-	-	-	-	406,806
Amount owing to immediate holding company	-	10,355	-	-	-	-	10,355
Amount owing to related companies	-	5,091	-	-	-	-	5,091
Lease liabilities	3.77	17,704	12,075	8,065	249	-	38,093
Total liabilities		2,300,660	1,714,106	4,085,087	399,971	-	8,499,824
Net liquidity gap		1,294,230	455,488	(352,457)	594,801	26,621	2,018,683

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

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
2022							
Financial assets							
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
Total assets		3,492,471	2,005,385	3,324,411	841,160	25,725	9,689,152
Financial liabilities							
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
Total liabilities		1,020,780	1,644,976	4,031,558	1,142,154	-	7,839,468
Net liquidity gap		2,471,691	360,409	(707,147)	(300,994)	25,725	1,849,684

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
2023							
Financial assets							
Other investments	-	-	-	-	-	26,621	26,621
Financing receivables	16.74	3,151,617	2,169,594	3,732,630	994,772	-	10,048,613
Other receivables and deposits	-	39,633	-	-	-	-	39,633
Amount owing by related companies	-	11,182	-	-	-	-	11,182
Cash and bank balances	-	93,965	-	-	-	-	93,965
Deposits placed with licensed financial institutions	2.65	291,787	-	-	-	-	291,787
Total assets		3,588,184	2,169,594	3,732,630	994,772	26,621	10,511,801
Financial liabilities							
Unsecured term loans/financing/revolving credit	4.22	1,828,194	1,702,031	3,577,872	200,000	-	7,308,097
Senior sukuk/Subordinated sukuk	3.87	-	-	499,150	199,722	-	698,872
Trade payables	-	30,960	-	-	-	-	30,960
Other payables and accruals	-	406,070	-	-	-	-	406,070
Amount owing to immediate holding company	-	10,355	-	-	-	-	10,355
Amount owing to related companies	-	5,091	-	-	-	-	5,091
Amount owing to a subsidiary company	-	1,057	-	-	-	-	1,057
Lease liabilities	3.77	17,704	12,075	8,065	249	-	38,093
Total liabilities		2,299,431	1,714,106	4,085,087	399,971	-	8,498,595
Net liquidity gap		1,288,753	455,488	(352,457)	594,801	26,621	2,013,206

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
2022							
Financial assets							
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
Total assets		3,489,519	2,005,385	3,324,411	841,160	25,725	9,686,200
Financial liabilities							
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
Total liabilities		1,019,793	1,644,976	4,031,558	1,142,154	-	7,838,481
Net liquidity gap		2,469,726	360,409	(707,147)	(300,994)	25,725	1,847,719

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 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
2023							
Financial liabilities							
Unsecured term loans/ financing/ revolving credit	7,308,097	7,806,036	2,046,551	1,844,630	3,712,726	202,129	-
Senior sukuk/ Subordinated sukuk	698,872	838,813	27,074	27,000	568,680	216,059	-
Trade payables	32,510	32,510	32,510	-	-	-	-
Other payables and accruals	406,806	406,806	406,806	-	-	-	-
Amount owing to immediate holding company	10,355	10,355	10,355	-	-	-	-
Amount owing to related companies	5,091	5,091	5,091	-	-	-	-
Lease liabilities	38,093	44,609	20,551	12,812	10,895	351	-
	8,499,824	9,144,220	2,548,938	1,884,442	4,292,301	418,539	-
2022							
Financial liabilities							
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	-	-
	7,839,468	8,802,429	1,321,556	1,896,484	4,393,985	1,190,404	-

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
2023							
Financial liabilities							
Unsecured term loans/ financing/ revolving credit	7,308,097	7,806,036	2,046,551	1,844,630	3,712,726	202,129	-
Senior sukuk/ Subordinated sukuk	698,872	838,813	27,074	27,000	568,680	216,059	-
Trade payables	30,960	30,960	30,960	-	-	-	-
Other payables and accruals	406,070	406,070	406,070	-	-	-	-
Amount owing to immediate holding company	10,355	10,355	10,355	-	-	-	-
Amount owing to related companies	5,091	5,091	5,091	-	-	-	-
Amount owing to a subsidiary company	1,057	1,057	1,057	-	-	-	-
Lease liabilities	38,093	44,609	20,551	12,812	10,895	351	-
	8,498,595	9,142,991	2,547,709	1,884,442	4,292,301	418,539	-
2022							
Financial liabilities							
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	-	-
	7,838,481	8,801,440	1,320,567	1,896,484	4,393,985	1,190,404	-

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(iii) Risk organisation and reporting (continued)****(c) Market risk**

Market risk is the risk of potential loss as a result of changes in the intrinsic value of financial instruments caused by movement in market variables such as interest rate/profit rate, currency exchange rates, equity pricing and other related macro-economic factors that will eventually affect the Group's and the Company's profitability, cash flows and capital preservation.

The Group's and the Company's market risk management include 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 monitor 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 their capital expenditure, financing and working capital requirements.

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 and Company	
	2023	2022
	RM'000	RM'000
Fixed rate instruments		
Financial liabilities	4,338,872	3,988,636
Floating rate instruments		
Financial liabilities	3,668,097	3,401,860

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)**

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 rate 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 remained constant.

	Profit or loss			
	2023		2022	
	100 bps increase RM'000	100 bps decrease RM'000	100 bps increase RM'000	100 bps decrease RM'000
Group and Company				
Floating rate instruments	(36,681)	36,681	(34,019)	34,019

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 RM3,668,097,000 (2022: RM3,401,860,000). The cross currency interest rate swaps have the same notional value of RM3,668,097,000 (2022: RM3,401,860,000) 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 RM226,666,000 (2022: RM26,057,000) and derivative financial liabilities of RM52,776,000 (2022: RM69,655,000) that are expected to occur and affect profit or loss.

Group and Company	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 7 years RM'000
2023				
Cross currency swaps (gross settled):				
Outflow	(3,842,764)	(802,223)	(731,746)	(2,308,795)
Inflow	3,926,034	846,931	757,629	2,321,474
	83,270	44,708	25,883	12,679
2022				
Cross currency swaps (gross settled):				
Outflow	(3,830,166)	(436,833)	(784,467)	(2,608,866)
Inflow	3,524,695	346,452	702,344	2,475,899
	(305,471)	(90,381)	(82,123)	(132,967)

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**

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.

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 and Company	
	2023	2022
	RM'000	RM'000
Borrowings		
Denominated in :		
- USD	(3,362,171)	(3,063,309)
- JPY	(305,926)	(338,551)
Net exposure	(3,668,097)	(3,401,860)

Currency risk sensitivity analysis

No sensitivity analysis is presented for USD and JPY currency on borrowings which have been fully hedged.

NOTES TO THE FINANCIAL STATEMENTS

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 and Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2023										
Financial assets										
Financing receivables										
- Non-current	-	-	-	-	-	-	6,544,890	6,544,890	6,544,890	6,896,996
Other investments	238	-	26,383	26,621	-	-	-	-	26,621	26,621
Derivatives										
financial assets	-	226,666	-	226,666	-	-	-	-	226,666	226,666
	238	226,666	26,383	253,287	-	-	6,544,890	6,544,890	6,798,177	7,150,283
Financial liabilities										
Term loans/financing										
- Non-current (unsecured)	-	-	-	-	-	-	6,250,404	6,250,404	6,250,404	6,178,775
Derivatives										
financial liabilities	-	52,776	-	52,776	-	-	-	-	52,776	52,776
	-	52,776	-	52,776	-	-	6,250,404	6,250,404	6,303,180	6,231,551
2022										
Financial assets										
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
	428	26,057	25,297	51,782	-	-	6,129,825	6,129,825	6,181,607	6,222,738
Financial liabilities										
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
	-	69,655	-	69,655	-	-	6,917,327	6,917,327	6,986,982	6,861,546

NOTES TO THE FINANCIAL STATEMENTS

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The methods and assumptions used by management to determine the fair value of the financial instruments are as follows:

(i) Financing receivables

The fair value of financing receivables with remaining maturity of less than one year are estimated to approximate their carrying amounts. For financing receivables with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing rates of loans and receivables of similar credit profile.

(ii) Term loans/financing

The fair value of term loans/financing with remaining maturity of less than one year are estimated to approximate their carrying amounts. For term loans/financing with remaining maturity of more than one year, the fair values are estimated using discounting technique. The discount rates are based on market rates available to the 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 are based on the expected cash flows discounted as at reporting date. The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The key inputs are discount rate, terminal growth rate and discount for lack of control, as described in this Note.

(v) Other financial instruments

The fair value of other instruments are determined to approximate to its carrying value due to the short term nature of these financial instruments.

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:

	Group and Company	
	2023	2022
	RM'000	RM'000
At 1 March	25,297	27,645
Changes in fair value recognised in other comprehensive income	1,086	(2,348)
At 28 February	26,383	25,297

NOTES TO THE FINANCIAL STATEMENTS

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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).

Financial assets	Fair value 2023 RM'000	Fair value 2022 RM'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Other investments	26,383	25,297	Level 3	<u>Technique:</u> Discounted cash flows <u>Key inputs:</u> <ul style="list-style-type: none"> Discount rate Terminal growth rate Discount for lack of control 	Discount rate: 10.53% - 14.00% (2022: 5.78% - 10.10%) Terminal growth rate: 3.08% - 5.92% (2022: 3.69% - 8.52%) Discount for lack of control: 60.00% - 70.00% (2022: 90.00% - 95.00%)	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 2023 and 2022 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total borrowings	8,006,969	7,390,496	8,006,969	7,390,496
Less: Cash, bank balances and deposits	(391,337)	(508,960)	(385,752)	(507,541)
Net debt	7,615,632	6,881,536	7,621,217	6,882,955
Total equity	2,524,830	2,201,286	2,519,165	2,198,581
Debt-to-equity ratio	3.02	3.13	3.03	3.13

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 2023 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 9 May 2023.

NG ENG KIAT

DAISUKE MAEDA

Kuala Lumpur
9 May 2023

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 9th day of May, 2023.

Before me,

WOON MEE CHIN

No. W538

COMMISSIONER FOR OATHS

Kuala Lumpur



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ANALYSIS OF SHAREHOLDINGS

STATISTICS ON SHAREHOLDINGS AS AT 28 APRIL 2023

Paid-up share capital	: RM584,011,570
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share
Number of shareholders	: 6,024

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	772	12.81	11,984	0.00
100 - 1,000	2,465	40.92	1,318,802	0.52
1,001 - 10,000	2,161	35.87	7,478,420	2.93
10,001 - 100,000	509	8.45	14,651,694	5.74
100,001 - to less than 5% of issued shares	116	1.93	74,829,538	29.31
5% and above of issued shares	1	0.02	157,017,252	61.50
Total	6,024	100.00	255,307,690	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	AEON FINANCIAL SERVICE CO., LTD.	157,017,252	61.50	-	-
2.	AEON CO., LTD.	-	-	161,661,252*	63.32
3.	ABRDN PLC	-	-	12,965,938**	5.08
4.	ABRDN HOLDINGS LIMITED (FORMERLY KNOWN AS ABERDEEN ASSET MANAGEMENT PLC)	-	-	12,965,938**	5.08

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

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 28 APRIL 2023

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	5,299,000	2.08
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.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	3,871,424	1.52
6.	HSBC NOMINEES (ASING) SDN BHD BNPP LDN/2S FOR ABERDEEN STANDARD ASIA FOCUS PLC	3,705,146	1.45
7.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	3,657,900	1.43
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)	2,408,100	0.94
10.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND	2,396,500	0.94
11.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	2,249,700	0.88
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	2,233,900	0.87
13.	HSBC NOMINEES (ASING) SDN BHD JPMSE LUX FOR JPMORGAN FUNDS	1,379,586	0.54
14.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	1,105,800	0.43
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	1,105,408	0.43
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (NOMURA)	1,030,000	0.40
17.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND TCTA FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	987,260	0.39
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.	MOTOYA OKADA	864,000	0.34
21.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	847,680	0.33
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)	833,700	0.33
23.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)	820,000	0.32
24.	LEONG LI NAR	800,387	0.31
25.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	795,547	0.31
26.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	700,500	0.27
27.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	685,800	0.27
28.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PARTICIPATING FUND	641,800	0.25
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)	627,200	0.25
30.	NG KIM MING	624,730	0.24
TOTAL		210,711,593	82.51

GRI CONTENT INDEX

AEON Credit Service (M) Berhad has reported the information cited in this GRI Content Index for the period of 1 March 2022 - 28 February 2023 with reference to GRI standards.

GRI Standard	Section	Integrated Annual Report Page number
GRI 2 General Disclosures 2021		
1. The organisation and its reporting practices		
2-1 Organisational details	(a) Corporate Information (b) About AEON Credit Service (M) Berhad	(a) 5 (b) 6 - 7
2-2 Entities included in sustainability reporting	Sustainability Statement ("SS"), Introduction	51
2-3 Reporting period, frequency and contact point	(a) SS, Introduction (b) Let Us Hear From You	(a) 51 (b) 2
2-4 Restatements of information	No restatement of information reported from previous reporting period	
2. Activities and workers		
2-6 Activities, value chain and other business relationships	(a) About AEON Credit Service (M) Berhad (b) AEON Credit Branch/Counter Network/ E-Money Kiosk	(a) 6 - 7 (b) 12
2-7 Employees	SS, Workforce Diversity	71 - 73
3. Governance		
2-9 Governance structure and composition	(a) Corporate Governance Overview Statement ("CGOS"), Board Responsibilities and Senior Leadership Oversight (b) CGOS, Board Composition, Balance and Diversity (c) CGOS, Board Committees (d) Board of Directors' Profiles (e) SS, Sustainability Governance	(a) 82 - 83 (b) 84 - 85 (c) 85 (d) 42 - 46 (e) 53 - 54
2-10 Nomination and selection of the highest governance body	(a) CGOS, Board Composition, Balance and Diversity (b) CGOS, Nominating Committee	(a) 84 - 85 (b) 86
2-11 Chair of the highest governance body	CGOS, Board Responsibilities and Senior Leadership Oversight	82 - 83
2-12 Role of the highest governance body in overseeing the management of impacts	(a) CGOS, Board Responsibilities and Senior Leadership Oversight (b) SS, Sustainability Governance (c) SS, Stakeholder Engagement (d) SS, Material Sustainability Matters	(a) 82 - 83 (b) 53 - 54 (c) 55 - 58 (d) 58 - 59
2-13 Delegation of responsibility for managing impacts	(a) CGOS, Board Committees (b) SS, Sustainability Governance	(a) 85 (b) 53 - 54
2-14 Role of highest governance body in sustainability reporting	CGOS, Board Risk Committee	92 - 93
2-15 Conflicts of interest	CGOS, Board Responsibilities and Senior Leadership Oversight	82 - 83
2-16 Communication of critical concern	(a) SS, Stakeholder Engagement (b) SS, Whistle-Blowing Channels (c) CGOS, Whistle-Blowing Policy	(a) 55 - 58 (b) 64 (c) 89 - 90
2-17 Collective knowledge of the highest governance body	CGOS, Directors' Training	87 - 89
2-18 Evaluation of the performance of the highest governance body	(a) CGOS, Nominating Committee (b) CGOS, Board Effectiveness Evaluation	(a) 86 (b) 87
2-19 Remuneration policies	CGOS, Remuneration of Directors and Top Management	85 - 86
2-20 Process to determine remuneration	(a) CGOS, Remuneration of Directors and Top Management (b) SS, Remuneration and Employee Benefits	(a) 85 - 86 (b) 74

GRI CONTENT INDEX

GRI Standard	Section	Integrated Annual Report Page number
4. Strategy, policies and practices		
2-22 Statement on sustainable development strategy	Chairman's Statement	(a) 21 - 25
2-23 Policy commitments	(a) CGOS, Board Responsibilities and Senior Leadership Oversight (b) SS, Conduct and Trust (c) Corporate Governance Policies published in Company website https://www.aeoncredit.com.my/aeon-corporate/corporate-policies	(a) 82 - 83 (b) 61 - 65
2-24 Embedding policy commitments	(a) SS, Conduct and Trust (b) SS, Customer Experience, Business Innovation, Responsible Marketing, Product & Service Design (c) SS, Digital Product and Service Transformation, Business Innovation, Responsible Marketing, Product & Service Design	(a) 61 - 65 (b) 67 (c) 68 - 69
2-25 Processes to remediate negative impacts	(a) SS, Stakeholder Engagement (b) SS, Conduct and Trust (c) SS, Employee Engagement (d) SS, Whistle-Blowing Channels (e) CGOS, Whistle-Blowing Policy	(a) 55 - 58 (b) 61 - 65 (c) 75 - 76 (d) 64 (e) 89 - 90
2-26 Mechanisms for seeking advice and raising concerns	(a) SS, Stakeholder Engagement (b) SS, Conduct and Trust (c) SS, Employee Engagement (d) SS, Whistle-Blowing Channels (e) CGOS, Whistle-Blowing Policy	(a) 55 - 58 (b) 61 - 65 (c) 75 - 76 (d) 64 (e) 89 - 90
2-27 Compliance with laws and regulations	SS, Conduct and Trust, Compliance	63 - 64
5. Stakeholder engagement		
2-29 Approach to stakeholder engagement	SS, Stakeholder Engagement	55 - 58
GRI 201: Economic Performance 2016		
201-1 Direct economic value generated and distributed	Statement of Profit or Loss and Other Comprehensive Income	119
GRI 202: Market Presence 2016		
202-2 Proportion of senior management hired from the local community	(a) SS, Staff Composition by Nationality (b) CGOS, Board Composition, Balance and Diversity	(a) 72 (b) 84 - 85
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	SS, Transparency in Procurement Process	65
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption	(a) SS, Anti-Bribery Management System (b) Audit Committee Report, Internal Audit Function	(a) 63 (b) 98 - 99
205-2 Communication and training about anti-corruption policies and procedures	SS, Anti-Bribery Management System	63
GRI 3 Material Topics 2021		
3-1 Process to determine material topics	SS, Material Sustainability Matters	58
3-2 List of material topics	SS, Material Sustainability Matters	59
3-3 Management of material topics	(a) Conduct and Trust (b) Customer Experience (c) Digital Product and Service Transformation (d) Employee Health, Safety & Well-Being (e) Contributing to Communities (f) Environmental Stewardship	(a) 61 - 65 (b) 66 - 67 (c) 68 - 69 (d) 70 - 76 (e) 77 - 78 (f) 79 - 80

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GRI 302: Energy 2016		
302-1 Energy consumption within the organisation	SS, Responsible Consumption	80
GRI 303: Water and Effluents 2018		
303-5 Water consumption	SS, Responsible Consumption	80
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	SS, Sustainability Roadmap	52
305-2 Energy indirect (Scope 2) GHG emissions	SS, Sustainability Roadmap	52
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	SS, Attrition Rate	73
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	SS, Remuneration and Employee Benefits	74
402-3 Parental leave	SS, Remuneration and Employee Benefits	74
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	SS, Occupational Safety and Health	70
403-2 Hazard identification, risk assessment, and incident investigation	SS, Occupational Safety and Health	70
403-3 Occupational health services	SS, Occupational Safety and Health	70
403-4 Worker participation, consultation, and communication on occupational health and safety	SS, Occupational Safety and Health	70
403-5 Worker training on occupational health and safety	SS, Occupational Safety and Health	70
403-6 Promotion of worker health	SS, Remuneration and Employee Benefits	74
403-8 Workers covered by an occupational health and safety management system	SS, Occupational Safety and Health	70
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	SS, Employee Trainings	74 - 75
404-2 Programs for upgrading employee skills and transition assistance programs	SS, Employee Trainings	74 - 75
404-3 Percentage of employees receiving regular performance and career development reviews	SS, Employee Engagement	75 - 76
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	SS, Workforce Diversity	71 - 73
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	(a) SS, Workforce Diversity (b) SS, Employee Engagement	(a) 71 (b) 75 - 76
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	SS, Contributing to Communities	77 - 78
GRI 415: Public Policy 2016		
415-1 Political contributions	SS, Anti-Bribery Management System	63

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("26th AGM") of AEON Credit Service (M) Berhad ("the Company") will be held at Grand Ballroom, Level 2, InterContinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 21 June 2023 at 10.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions as set out in this Notice.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 28 February 2023 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Notes (i))*
2. To approve the payment of final single-tier dividend of 21.00 sen per ordinary share in respect of the financial year ended 28 February 2023. **Ordinary Resolution 1**
3. To approve the Directors' fees and allowances up to an aggregate amount of RM1.432 million in respect of the financial year ended 28 February 2023 and payment thereof. **Ordinary Resolution 2**
4. To approve the payment of benefits payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 22 June 2023 until the next AGM of the Company to be held in 2024. **Ordinary Resolution 3**
(Please refer to the Explanatory Notes (ii))
5. To re-elect the following Directors who are retiring pursuant to Clause 148 of the Constitution of the Company:
 - (a) Ng Eng Kiat
 - (b) Daisuke Maeda
 - (c) Tomokatsu Yoshitoshi
 - (d) S Sunthara Moorthy A/L S Subramaniam
 - (e) Datuk Adinan bin Maning
 - (f) Datin Yasmin Ahmad Merican
 - (g) Rashidah binti Abu Bakar
 - (h) Mitsugu Tamai
 - (i) 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
Ordinary Resolution 12
(Please refer to Explanatory Notes (iii))
6. To re-appoint Messrs. Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration. **Ordinary Resolution 13**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

7. **Proposed Renewal of Authority for Directors to Allot and Issue Shares and Waiver of Pre-Emptive Rights pursuant to the Companies Act 2016** **Ordinary Resolution 14**
(Please refer to Explanatory Notes (iv))

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and approval of the relevant government/regulatory authorities, 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 (excluding any treasury 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.

NOTICE OF ANNUAL GENERAL MEETING

THAT in connection with the above, pursuant to Section 85 of the Act read together with Clause 82 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company.

AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine."

8. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 15

(Please refer to Explanatory Notes (v))

"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 and/or its subsidiary company(ies) ("the Group") 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 23 May 2023 ("the Circular") with the related parties mentioned therein which are necessary for the day-to-day operations of the Group.

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

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

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 26th AGM, a final single-tier dividend of 21.00 sen per ordinary share in respect of the financial year ended 28 February 2023 will be paid to shareholders on 20 July 2023. The entitlement date for the said dividend shall be 5 July 2023.

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 5 July 2023 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: 23 May 2023

NOTES:

1. A member of the Company entitled to attend, participate, speak and vote at the 26th 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.
2. 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.
3. The instrument appointing a proxy by a member who is entitled to participate and vote at the 26th 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 Company's Share Registrar office at 11th 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 (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.
4. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2023 (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.
5. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 26th 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) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not be put forward for voting.

(ii) Ordinary Resolution 3 - To approve the payment of Benefits Payable to the Chairman/Non-Independent Non-Executive Director

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.

NOTICE OF ANNUAL GENERAL MEETING

(iii) Ordinary Resolution 4 to 12 on the Re-election of Directors

Each of the Director standing for re-election had undergone a performance evaluation and had provided his/her annual declaration on his/her fitness and propriety to continue acting as Directors of the Company in accordance with the Fit and Proper Policy of the Group, as well as the confirmation of their independence (as the case may be). Upon the Nominating Committee's ("NC") assessment, the performance and suitability of each of the retiring Directors was found to be satisfactory and that each of the retiring Directors had demonstrated his/her commitment to the role and continues to be an effective and valuable member of the Board. Based on the above premise, the NC had recommended for the retiring Directors to be re-elected at the 26th AGM and the Board had endorsed NC's recommendations. The retiring Directors had abstained from deliberations and decisions on their re-election at the NC and Board meetings.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 4 to 12 are set out in the Board of Directors' profiles of the Integrated Annual Report 2023.

Retirement of Director

Datin Khoo Pek Ling has expressed her intention not to seek re-election. Hence, she will retain office until the conclusion of the 26th AGM.

(iv) Ordinary Resolution 14 - Proposed Renewal of Authority for Directors to Allot and Issue Shares and Waiver of Pre-Emptive Rights pursuant to the Act

The Company had, during its Twenty-Fifth (25th) AGM held on 29 June 2022, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 and 76 of the Act. As at the date of the notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 14 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 75 and 76 of the Act. 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 (excluding treasury shares) of the Company for such purpose 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.

The authority will provide flexibility for 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).

The waiver of pre-emptive rights pursuant to Section 85 of the Act. By voting in favour of the Resolution 14, the shareholders of the Company would be waiving their pre-emptive rights. The Resolution 14 if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

(v) Ordinary Resolution 15 - Proposed Shareholders' Mandate

The Ordinary Resolution 15 proposed under item 8 of the Agenda, if passed, will allow the Group 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 23 May 2023.

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.

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*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-Sixth Annual General Meeting ("26th AGM") of the Company to be held at Grand Ballroom, Level 2, InterContinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 21 June 2023 at 10.00 a.m. and at any adjournment thereof.

* Strike out whichever is inapplicable.

Please delete the words "THE CHAIRMAN OF THE MEETING" if you wish to appoint some other person to be your proxy.

I/We indicate with an "x" in the spaces below how I/we wish my/our vote to be cast.

No.	Resolutions	For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	To approve the payment of final single-tier dividend of 21.00 sen per ordinary share in respect of the financial year ended 28 February 2023		
Ordinary Resolution 2	To approve the payment of Directors' fees and allowances up to an aggregate amount of RM1.432 million in respect of the financial year ended 28 February 2023 and payment thereof		
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 22 June 2023 until the next AGM of the Company to be held in 2024		
Ordinary Resolution 4	Re-election of Ng Eng Kiat		
Ordinary Resolution 5	Re-election of Daisuke Maeda		
Ordinary Resolution 6	Re-election of Tomokatsu Yoshitoshi		
Ordinary Resolution 7	Re-election of S Sunthara Moorthy A/L S Subramaniam		
Ordinary Resolution 8	Re-election of Datuk Adinan bin Maning		
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 Mitsugu Tamai		
Ordinary Resolution 12	Re-election of Lee Tyan Jen		
Ordinary Resolution 13	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 14	Proposed renewal of authority for Director to allot and issue shares and waiver of pre-emptive rights pursuant to the Companies Act 2016		
Ordinary Resolution 15	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

Subject to the abovestated voting instructions, my/our proxy/proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

Signed this _____ day of _____ 2023.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

<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.

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Postage
Stamp

The Share Registrar

AEON CREDIT SERVICE (M) BERHAD
(Registration No. 199601040414 (412767-V))

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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Notes:-

1. A member of the Company entitled to attend, participate, speak and vote at the 26th 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.
2. 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.
3. The instrument appointing a proxy by a member who is entitled to participate and vote at the 26th 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 notorially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar office at 11th 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 (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.

4. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2023 (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.
5. 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 26th 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 26th AGM dated 23 May 2023.



AEON CREDIT SERVICE (M) BERHAD

Registration No. 199601040414 (412767-V)

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