

ANNUAL
REPORT

2017





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A BRIEF HISTORY OF ÆON CREDIT SERVICE

(1996 – 2016)

“We strongly believe that ÆON Credit and ÆON Group of Companies Malaysia have both played significant roles that have contributed greatly towards our nation building”.

Dato’ Abdullah bin Mohd Yusof

“ÆON Credit has come a long way to become one of Malaysia’s preferred non-bank financial service provider for credit cards, personal financing and easy payment schemes for consumer durable products, motorcycles and automobiles”.

Kenji Fujita



AEON CREDIT SERVICE





AEON CREDIT SERVICE



1996

Incorporated on
6 December 1996



1997

Introduction of General
Easy Payment (GEP)

2001

Established branches and
operations in Johor and Sarawak

Implemented a Rebranding
exercise from ACS Credit Service
(M) Sdn Bhd to AEON Credit
Service (M) Sdn Bhd

2002

Introduction to Motorcycle
Easy Payment Business



2007

Launched Co-Brand Credit Card with
JUSCO and Motorcycle and Scooter
Dealer Association

AEON Credit Service (M) Berhad was
listed in main board of Bursa Malaysia
Securities Berhad



2010

Introduction of 2 in 1
JCard loyalty point
in AEON Credit Card



2011

Launched AEON Prepaid Card



2012

Launched Used Car Easy Payment
Scheme

Recognised by Finance Asia as "Best
Mid-Cap" in Malaysia under "Asia's Best
Company 2012"



2014

Expansion of new
service centres in
AEON Big outlets



2015

Launched AEON Big payWave
Co-Brand credit card





1998

Launched Loyalty Program –
AEON Express Card



1999

Marketing expansion to Sabah
& Sarawak

2003

Introduction of Personal
Financing Scheme



2004

Obtained ISO 9001:2000 UKAS
Quality Management Certification



2006

Obtained ISO 27001:2005
certification for Information
Security Management System

Service Centre expansion in Jusco
Shopping Centre, total
24 service centre

2005

Obtained approval from Bank
Negara to issue Credit Cards
becoming the first non-bank
financial provider to issue credit
cards

2009

Business expansion into
secondary towns (Sibu,
Sandakan, Segamat, Setiawan,
Taiping and Sungai Petani)

2008

Collaboration with Touch 'n Go Sdn. Bhd.
issue AEON Zing Card

Establishment of Regional Operation
Centres



2013

Launched AEON Big Customer
Loyalty Program

2016

Launched AEON Member Plus Card

Awarded "Highest Return on Equity over Three
Years" and "Highest Growth in Profit before Tax
over Three Years" at The Edge Billion Ringgit Club
Corporate Awards 2016



20th
ANNIVERSARY

Inspired to serve you better

“ AEON Credit Service (M) Berhad (“AEON Credit” or the “Company”) was incorporated on 6 December 1996 and was converted into a public limited company on 9 February 2007 and 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. ”

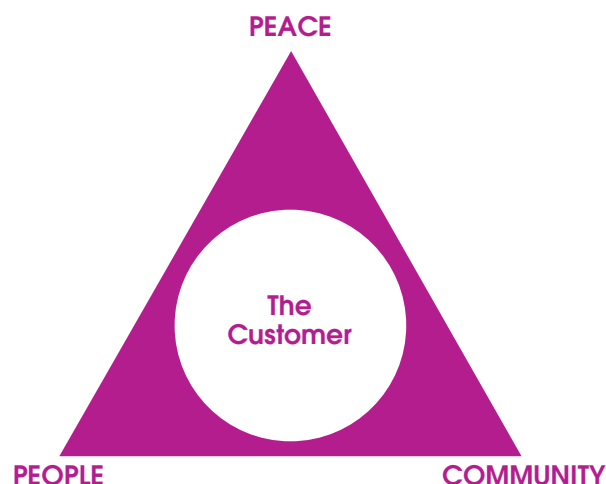
Today the business of the Company had expanded to include issuance of Credit Cards, Easy Payment schemes, Personal Finance scheme, Insurance business, and other services. The Company currently has 6 Regional Offices, 64 branches and service centres located in major shopping centres and towns, and a network of more than 12,000 participating merchant outlets nationwide. AEON Credit believes in working closely with its business partners to provide consumer financing products and services which meet customer needs. The Company currently has approximately 4.0 million card members for the various products and more than 3,300 staff in service with the Company.

AEON Credit is a subsidiary of AEON Financial Service Co., Ltd. Japan (“AFSJ”), which is listed on the First Section of the Tokyo Stock Exchange. AFSJ is mainly involved in the issuance of credit cards, and it currently has more than 26.69 million card members in Japan. It is one of the biggest credit card issuers and leading consumer credit provider in Japan.

AFSJ is in turn part of the AEON Group of Companies (“AEON Group”), a global retail and financial services group. AEON Group consists of more than 300 subsidiaries and affiliated companies. AEON Group operates not only in Japan but also in Southeast Asia, China and India. At AEON, our eternal mission as a corporate group is to benefit our customers and our operations are thus customer-focused to the highest degree.

AEON’s most basic and abiding principles are the pursuit of peace, respect for humanity, and contribution to local communities through customer-centred initiatives. Under these principles, we are determined to achieve global management standards.

All companies under the AEON Group are guided by the unchanging “Customer First” philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services.



AEON Basic Principles

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.

The AEON Code of Conduct Commitment

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



64 Branches &
Service Centres



12,000 Merchant
Outlets Nationwide



4.0 Million
Card Members



3,300 Staff

OUR CORPORATE PHILOSOPHY is to support customers lifestyle and enable each individual to maximize future opportunities through effective use of credit.

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

BOARD OF DIRECTORS

Dato' Abdullah bin Mohd Yusof, Chairman
Mr. Kenji Fujita, Managing Director
Datuk Ramli bin Ibrahim
Dato' Md Kamal bin Ismaun
Mr. Ng Eng Kiat
Mr. Tomokatsu Yoshitoshi
(appointed on 30 June 2016)

Mr. Koji Hatakeda
(appointed on 30 June 2016)
Mrs. Jiraporn Kongcharoenwanich
(appointed on 30 June 2016)
Mr. Krishnappan A/L S.P.S Singaram
Mr. Lee Kit Seong
Ms. Lee Tyan Jen
Mr. Kiyooki Takano

SECRETARIES

Ms. Tai Yit Chan
(MAICSA 7009143)
Ms. Choong Lee Wah
(MAICSA 7019418)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
T: +603-7720 1188
F: +603-7720 1111

HEAD OFFICE

Level 29, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
T: +603-2772 9000
F: +603-2711 4110

AUDITORS

KPMG PLT(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
T: +603-7721 3388
F: +603-7721 3399

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
T: +603-7841 8000
F: +603-7841 8008

WEBPAGE

www.aeoncredit.com.my

STOCK EXCHANGE LISTING

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

STOCK NAME: AEONCR
STOCK CODE: 5139

PRINCIPLE BANKERS

Affin Islamic Bank Berhad
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
CIMB Bank Berhad
Citibank Berhad
Deutsche Bank (Malaysia) Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
Mizuho Bank, Ltd.
Mizuho Bank (Malaysia) Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
Standard Chartered Saadiq Berhad

CORPORATE CALENDAR

Notice of Annual General Meeting	27 May 2016
Annual General Meeting	21 June 2016
Payment of Dividend (Interim)	Book Closure – 20 October 2016 Payment – 7 November 2016
Payment of Dividend (Final)	Book Closure – 29 June 2017 Payment – 19 July 2017
First Quarter Results Announcement	30 June 2016
Second Quarter Results Announcement	4 October 2016
Third Quarter Results Announcement	22 December 2016
Fourth Quarter Results Announcement	25 April 2017



CHAIRMAN'S STATEMENT

&

MANAGEMENT DISCUSSION

AND ANALYSIS

“ On behalf of the Board of Directors, I am pleased to present AEON Credit Service (M) Berhad Annual Report and Audited Financial Statements for the financial year ended 28 February 2017. ”

The global economy remained uncertain and business sentiment even more so in 2016. The year under review saw a weaker macro environment and subdued growth in the face of huge challenges which emerged in the global marketplace from which Malaysia is not spared.

Coupled with the weak performance of the Ringgit against other major currencies, softer domestic demand and slower consumer spending, Malaysia's Gross Domestic Product ("GDP") grew at a slower pace at 4.2% in 2016 against a growth of 5.0% in 2015.

Review of Performance

Amidst the challenging economic scenario and ongoing industry regulatory developments, AEON Credit continued to register another year of record earnings and resilient returns to shareholders. The Company net profit of RM265.03 million, an increase of 16.1% from the previous year with higher growth in vehicle financing and personal financing operations, is a remarkable achievement given the volatile environment. Correspondingly, earnings per share has increased significantly from 149.02 sen in the previous financial year to 174.55 sen in the financial year ended 28 February 2017 (FYE 2017).

Further details on the performance of the Company are set out in the in the Management Discussion and Analysis section in this Annual Report.

Sustainability Statement

A holistic approach to business management, taking into consideration of the economic, environmental and social ("EES") risks and opportunities alongside financial implications, is being seen as a measure to generate long term benefits and business continuity. In light of this shift in focus, disclosure of Sustainability Statement is included in the Annual Report as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). AEON Credit operates the business in a sustainable manner with focus on long term strategic value creation. Under the economic segment, the Company focused on responsible financing, emphasising integrity and good governance. Environmental conservation is considered when planning and conducting the current and possibly future activities. Under the year of review, AEON Credit has remained steadfast in playing a vital part in giving back for the betterment of the society. The Company is committed and will continue efforts to enhance the corporate social responsibility which aims to deliver sustainable value to society at large.

Corporate Proposals

The Board of Directors ("the Board") is pleased to announce that in conjunction with its 20th Anniversary and in appreciation of the shareholders' loyalty and continuous support in the Company, it is recommending for your approval at the forthcoming Annual General Meeting a proposed bonus issue of 72,000,000 new ordinary shares at an issue price of RM0.50 each on the basis of one bonus share for every two existing shares held.



The Board is also recommending for your approval a proposed renounceable rights issue of 3-year 3.5% irredeemable convertible unsecured loan stocks ("ICULS") on the basis of 2 ICULS for every 1 existing AEON Credit share held to raise RM432,000,000 ("Proposed Rights Issue") in cash after due consideration of the various funding options available. The Board is of the view that the Proposed Rights Issue is the most optimal avenue for raising funds for the Company taking into account the Company's objectives and capital management strategy. It will improve its capital adequacy ratio by building up an adequate level of capital buffer in anticipation of meeting sufficient capital requirements for the Company's business activities and to support continuous business growth. This also provides the Company's shareholders with an opportunity to participate in an equity offering on equal basis based on their proportionate shareholdings without diluting their interests upon conversion of the ICULS.

Dividend

The Board has recommended a final dividend payment of 32.50 sen per share, totaling RM46.80 million. This would result in total dividend payout ratio of 34.2% of the net profit for FYE2017, including the interim dividend paid during the financial year. The total dividends for the year of 63.00 sen per share represents an increase of 6.0% from total net dividends of 59.45 sen paid out for the last financial year ended 29 February 2016.

Looking Forward

Moving forward, the external environment may continue to remain challenging while the Malaysian economy will experience sustained growth between 4.3% - 4.8% in 2017 for GDP growth forecast, with the primary driver being domestic demand. Private consumption is anticipated to remain stable supported by wage and employment growth, with additional impetus coming from announced Government measures to support disposable income of households. External demand is not as strong as expected although commodity prices are showing signs of recovery. The slowdown in global trade and investment flows is expected to prolong.

Hence, domestic demand will continue to be the engine of the growth in 2017 despite global headwinds. In line with the Company's philosophy to support customers lifestyle and enable each individual to maximize future opportunities through effective use of credit, AEON Credit shall realign its services and products based on customers' feedback and insight and at the same time relooks its overall business model and practices in order to remain resilient financially and operationally, especially in the age of information and in the wake of FinTech. The establishment of two new departments - Digital Marketing and Research & Development (R&D), is instrumental in reaching out to the Company's customers on their feedback on improving service level. The Board believes AEON Credit will be able to face 2017 with a clear strategy and will continue to stay committed towards achieving the Company's business objectives and delivering greater value to our shareholders.

Acknowledgement

I would like to welcome our newly appointed Directors who joined the Board in June 2016, Mr. Tomokatsu Yoshitoshi, Mr. Koji Hatakeda and Mrs. Jiraporn Kongcharoenwanich, who with their combined expertise and wealth of experience will be able to provide guidance which will add further strength to the Board.

I would like to extend my gratitude to Mr. Nuntawat Chotvijit who retired from the Board at the Company's last Annual General Meeting, for his service and valuable contribution.

On behalf of the Board, I wish to thank my fellow Board members, the Management and all employees of the Company for their loyalty, dedication and unfailing commitments in taking AEON Credit through another year of excellent performance. We continue to receive strong and valuable support from AEON Financial Services Co., Ltd. of Japan for which we are grateful.

Finally, I also would like to express my gratitude to our valued customers, business associates, bankers, government authorities and our valued shareholders for their continuous support and confidence in AEON Credit over the years.

Yours sincerely,

Dato' Abdullah bin Mohd Yusof
Chairman

ÆON Credit Service (M) Berhad recorded a higher profit after tax of RM265.03 million, up by 16.1% from the last financial year. This was achieved on the back of a revenue of RM1.10 billion, a 14.2% increase compared with the previous financial year.

These positive results were primarily attributable to higher transaction and financing volume, buoyed by the Company's innovation and product transformation drive as well as heightened investments in consumer financing promotions in conjunction with its 20th Anniversary.

Financial Review

Total revenue for the financial year ended 28 February 2017 of RM1.10 billion represented growth of 14.2% from total revenue of RM965.23 million in previous financial year ended 29 February 2016. Stronger growth was realised in vehicle easy payment and personal financing compared to other products. Total transaction and financing volume of RM4.01 billion for the year represented growth of 11.0% from the previous year. Profit before tax ("PBT") recorded for the year of RM351.16 million was 16.4% higher than RM301.59 million PBT in the previous financial year.

ÆON Credit's financial position as at 28 February 2017 remains healthy with a total shareholders' funds of RM1.23 billion which provides a net asset value per share of RM6.63 (2016 : RM5.45). Earnings per share improved to 174.55 sen (2016: 149.02 sen).

Other operating income for the year increased by 33.6% to RM120.24 million as compared with the previous year mainly contributed by the increase in bad debts recovered with strong emphasis by management on efforts towards minimising net credit cost.

Operating costs (excluding impairment loss on financing receivables and unquoted investments) of RM359.63 million increased by 19.1% during the financial year was generally in tandem with growth of financing receivables, higher collection commission paid on bad debts recovered, GST expenses and depreciation charge. During the financial year, the Company reassessed the recoverable amount of its investment in ÆON Credit Service India Private Limited ("ACSI") and an impairment loss of RM5.19 million was recognised in operating expense due to ACSI's loss making position.

Margin of PBT against revenue for the financial year was higher at 31.9% compared to 31.2% registered in the previous year mainly due to the lower provision for impairment loss on financing receivables. Average funding cost for the year was marginally lower by 0.01% per annum compared to the preceding year February 2016.

The financing receivables as at 28 February 2017 was RM6.44 billion, representing growth of 19.1% from RM5.41 billion in the previous financial year. The portfolio mix for receivables as at end of the financial year recorded increased share for personal financing at 24.9% (2016: 21.7%) whilst vehicle financing maintained its position as key contributor at 58.8% of total portfolio (2016: 59.0%), comprising car financing portfolio at 30.0% share of total portfolio (2016: 28.7%) and motorcycle financing at 28.8% share (2016: 30.3%). Meanwhile, share of financing receivables for credit card, consumer durables and SME were at 9.0% (2016: 9.8%), 6.5% (2016: 8.5%) and 0.9% (2016: 1.0%) respectively.

There was an improvement in overall asset quality with lower non-performing loans ("NPL") ratio of 2.28% as at 28 February 2017 compared to 2.47% as at end of previous financial year. Net annualised credit cost ratio ("NCC") on average financing receivables of 3.31% was also lower compared to 4.20% in the preceding financial year. The lower NCC reflects the measures taken to improve the quality of receivables and credit management include strengthening of credit policies, criteria on debt service ratio ("DSR") for various customer segments and implementation of revised credit scorecard. Return on Asset ("ROA") of 4.0% on average total assets for the year under review is within acceptable threshold. Management is placing strong emphasis on monitoring of asset quality, periodic review of credit policies and determined approach on credit recovery based on customer payment behavior in a dynamic market environment.



Operational Review

Easy Payment and Personal Financing Business

The Easy Payment and Personal Financing schemes registered a 9.0% annual growth in financing volume to RM2.91 billion for the year under review as the Company continued to gain support from participating merchants for its product financing schemes and consumers in general for the various financial products offered. Personal financing schemes and financing for normal motorcycles were key drivers for the growth in transactions and receivables for the year, with 31.5% and 16.3% growth respectively from previous year. The Company capitalised on market opportunities in these product segments based on continued expansion of branches and merchant network offering the product nationwide, competitive pricing as well as leveraging on its 20th Anniversary year celebrations and promotions activities. However, lower growth ratios were noted in transaction volume for other product financing schemes. Total transaction volume growth was recorded in East Coast region, Northern region and Southern region in Malaysia mainly contributed by new branch opening and the increase in number of active merchants in these three regions.

Card Business

Total credit card transactions volume of RM1.11 billion for the financial year was higher than preceding year by 16.8% in a competitive market environment, while the number of principal cards in circulation as at February 2017 was approximately 221,500 (2016: 197,000). Currently, the Company has a total of 64 branches and service centres ("CSU") nationwide. During the year, the Company has added six new branches / CSU to its business network including AEON Mall Shah Alam, Sungai Petani, Segamat, AEON Mall Kota Bharu, AEON Mall Bandaraya Melaka and AEON Taman Maluri Shopping Centre. The Company has closed down its operations at AEON Big Kota Damansara and AEON Big Johor Bahru during the year. In order to facilitate greater market outreach to consumers, the Company will continue to collaborate with retail chain stores under AEON CO. (M) BHD. and AEON BIG (M) Sdn. Bhd. to create greater synergy among AEON Group business entities operating in Malaysia by offering financial services to mutual customers and new customers.

Business Operations

The Company continued its Value Chain Transformation project during the FYE 2017 by introducing an e-biz portal to its merchant and customer which enable web application submission by the merchant and customer for credit card and easy payment schemes. This initiative had increased application process productivity by approximately 80%, process turnaround time reduced by approximately 27%. The Company successfully expanded its cashless branch operation nationwide with 62 out of 64 branches were converted to cashless and digitalised operation; the branches are equipped with tablets for customers to apply credit cards, personal finance and other services. The operation staff had deployed to customer service and sales oriented activities to enhance customer service, increase sales and optimise branch operation cost.

Future Plans

While the economic environment was challenging in 2016, both globally and domestically, our Company expects to maintain its current financial performance in financial year ending 28 February 2018 (FY2018) based on the implementation of our business plans, on the back of favourable economic outlook forecast for the year. The key focus areas for FY 2018 include branch transformation through web application and self-service terminals, embarking on digital marketing to enhance the service level to customers and introducing innovative cards under E-money platform.

Our Company's long-term strategy is to continue to serve a wide spectrum of customers in terms of income group, including consumers from the lower socio economic group who may be underserved by the main stream players, and to offer competitive and flexible product pricing to cater for different product segments to customers having different risk profiles.

Our Company is fully cognisant that product value proposition and understanding of customer needs, excellent customer service coupled with strong branding and reputation in the market are key elements for long-term business sustainability in the market.

Acknowledgement

The Company would like to thank our customers, business partners and shareholders for their continued support and confidence in the Company. The Company would also like to express our sincere appreciation to the Board of Directors, management and staff of the Company for their contributions and dedication, which are essential for the business sustainability and performance of the Company going forward.

Yours sincerely,

Kenji Fujita
Managing Director



SUSTAINABILITY STATEMENT

ÆON SUSTAINABILITY PRINCIPLE

“ ÆON Credit aims to realise a sustainable society with stakeholders based on our basic principles of pursuing peace, respecting humanity and contributing to local communities, always with the customer’s interests at its core. With realisation of a low-carbon society, conservation of bio-diversity, better use of resources and addressing social issues as core principles, we will think globally and advance activities locally. ”

The ÆON Code of Conduct and core values have been the guiding principles of ÆON Credit for sustainability in realising our business objectives. In order for the Company to remain as a leading non-banking financial services provider in Malaysia, sustainability is an integral part of our business. We continue to uphold sustainable practices in everything we do, embrace innovation and embed environmental and social responsibilities across our business operations.

This inaugural Sustainability Statement (“the Statement”) underlines our commitment towards being a sustainable organisation and our endeavours to continuously improve across three aspects of sustainability i.e. economic, environmental and social (“EES”) considerations, risks and opportunities. The Statement covers overview of our sustainability management and scope, the governance structure to manage sustainability matters, practices and performance.

The Statement was prepared in accordance with the guidelines of Bursa Malaysia Securities Berhad (Main Market Listing Requirements) relating to Sustainability Statement in Annual Reports of Listed issuers. It details our non-financial performance for the financial year ended 28 February 2017 and covers our operations nationwide in Malaysia.

SUSTAINABILITY GOVERNANCE AND MATERIAL SUSTAINABILITY MATTERS

Sustainability Governance

Our sustainability leadership is led by the Board of Directors of the Company which oversees the stewardship of the Company in pursuit of our identified vision and commercial objectives while ensuring that the Company remains as a responsible and sustainable organisation. The Board takes into consideration sustainability issues in setting the strategic directions for the Company and ensures sustainability practices are embedded into its daily operations.

The Managing Director, the Executive Directors and relevant members of the senior management team are responsible for management of sustainability matters which are aligned with Company and ÆON Financial Service Co., Ltd. Group direction, implementing appropriate measures and actions as well as monitoring key performance indicators.

Material Sustainability Matters

Material sustainability matters have been identified by the Board based on the ÆON Code of Conduct and aligned with the Company’s business direction and external/internal environment.

The material sustainability matters identified take into consideration the significance of impact to EES in relevant areas and the substantive influence of the assessment to the stakeholders. Stakeholders play an important role in providing an insight in identifying sustainability issues and prioritising sustainability matters that are material. We place high emphasis on two-way communication with all stakeholders who are impacted by or have the ability to influence the business, and continuously engage with these stakeholders to address their needs and concerns on issues related to the business operations through various channels as listed.

Stakeholder Group	Communication Channel / Platform
Employees	<ul style="list-style-type: none"> • Meetings • Training programmes • Other engagement channels
Customers	<ul style="list-style-type: none"> • Face-to-face interaction through service channels • Communication through Customer Care Department • Feedback through website, e-mail, social media
Merchants	<ul style="list-style-type: none"> • Meetings, business alliance events/meetings • Merchant service/support channel
Shareholders and investors	<ul style="list-style-type: none"> • Investor relations channel and meetings • Annual General Meeting • Quarterly reports, Annual Report, media releases
Government and regulators	<ul style="list-style-type: none"> • Meetings, briefings, forums and events
Local communities	<ul style="list-style-type: none"> • Community activities organised by the Company and by the Malaysian ÆON Foundation
Media	<ul style="list-style-type: none"> • Media releases and interviews • Annual General Meeting • Corporate events
Industry Associations	<ul style="list-style-type: none"> • Meetings and events

The material sustainability matters of the Company are categorised into four themes:

Responsible Business Practice	Managing impact to the Environment	Developing Employees	CR Contributions
<ul style="list-style-type: none"> • Responsible financing • Protection of Customer Information • Customer Satisfaction • Business Continuity Management • Compliance 	<ul style="list-style-type: none"> • Environmental Management System ("EMS") • Resource & Waste Management 	<ul style="list-style-type: none"> • Training and Development programmes • Succession Planning • Workplace Health and Safety 	<ul style="list-style-type: none"> • Community Activities and Contributions • Education Sponsorship

Sustainability governance is further strengthened by annual review of the Company's business plans and external/internal environment, mid-term review of Company direction for the next 3-5 years as well as existing policies and management systems in key areas as follows:

- a. AEON Code of Conduct ("COC")
- b. Enterprise Risk Management ("ERM") Framework
- c. Compliance Framework
- d. New Business & Product Development Framework
- e. Integrated Management System ("IMS") Framework*
- f. Company Handbook
- g. Occupational Safety & Health Policy
- h. ISO 9001: 2015 Quality Management System
- i. ISO/IEC 27001: 2013 Information Security Management System
- j. ISO 14001:2015 Environmental Management System ("EMS")

* Note : Integrated Management System ("IMS") integrates Quality, Information Security and Environmental Management in our business processes.

MANAGING SUSTAINABILITY MATTERS

Responsible Business Practices

Our long term sustainability is built on the confidence and trust from customers. Matters such as responsible financing, protection of customer information, customer satisfaction, compliance and business continuity are material to the Company. The principles in the AEON COC are applied in these areas to reflect our commitment to our stakeholders.

Responsible financing

Responsible financing plays a significant part in our business sustainability strategy and acts in customers' best interest. The consequence of not doing so could potentially lead to risks not only to the borrowers, but to the Company and society as a whole. High level of lending prudence is adopted by the Company and stringent credit policies are in place to ensure customers are able to meet repayment commitments. The policies are formulated based on Bank Negara Malaysia's guidelines and credit risk management policies of the Company.

We ensure our products and services are aligned with our corporate values and at the same time in compliance with regulatory requirements. Internal product approval and evaluation are established for new and existing product enhancements. Clear and concise product information is provided to the customers to ensure important information and risk disclosures are highlighted. The employees, particularly the front liners, are equipped with sound knowledge on product features and ethically promote the products based on customer needs.

Similar to many other nations, non-bank financial service providers such as the Company have a complementary role to banks in providing financial services to specific market segments in Malaysia. In the Financial Sector Blueprint for 2011 to 2020, Bank Negara Malaysia has clearly highlighted framework for financial inclusion, in terms of the provision of suitable, affordable and quality financial services to all segments of society. In this regard, we serve a wide spectrum of customers in terms of income group, including consumers from the lower socio economic group who may be underserved by the main stream banking players. We offer competitive and flexible product pricing to cater for different product segments to customers having different risk profiles, while maintaining responsible financing practices.

As an organisation which is conscious of our social responsibilities, we recognise that certain customers may face financial challenges or difficulties in making repayment after obtaining credit facilities from the Company due to unavoidable circumstances. In this regard, we engage with the affected customers to understand their situation, and if appropriate, recommend certain "debt restructuring" or "rescheduling" facilities offered by the Company to assist them, with lower monthly repayment obligations. Customers may also seek debt restructuring under the AKPK scheme facilitated by the government.

Protection of Customer Information

We continuously strive to ensure the confidentiality and protection of customer and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010 and secrecy provisions under the Financial Services Act 2013. The Company has obtained certification under *ISO/IEC27001:2013 Information Security Management System* standard to provide assurance to our stakeholders that customer information is adequately safeguarded throughout the information lifecycle.

'Defence-in-depth' information assurance concept is applied by the Company, under which multiple layers of internal controls are put in to ensure customer information is protected in terms of confidentiality, integrity and availability. The controls include establishment of information security policy and procedures, continuous awareness and training as well as technical and physical controls applied to the IT network and infrastructure to prevent theft, misuse and loss of information and documents.

It is the responsibility of all employees to strictly adhere to the information security policy. Continuous awareness programmes are carried out to increase the awareness amongst the employees to prevent the misuse of customer information and to ensure confidentiality of communication with customers.

Customer Satisfaction

We place high importance on customer satisfaction and strive towards providing excellent customer service through various customer touchpoints which include over 60 branches and our Customer Service Department at the Head Office. The Company has obtained certification under *ISO9001:2015 Quality Management System* standard to provide assurance to our stakeholders that the business processes in the Company are established to deliver excellent and efficient customer service to achieve a high level of customer satisfaction. Various customer service training and awareness programmes are conducted annually for employees, particularly for the front-liners. The Company has received recognition from the holding company for delivering a high standard of customer service.

Customer feedback channels are made available and easily accessible as customers feedback or 'Voice of Customer' is important for improvement in our service delivery. Apart from the feedback channels, the Company has established a robust and effective complaint handling/management process to ensure service issues or failures reported are addressed, in terms of both corrective and preventive action.

To further enhance customer service experience, we are also leveraging on technology to engage with customers through mobile applications and website, as customers are becoming more technologically savvy and demand for fast and convenient services. Under the Company's initiative for digitalisation of operations, the implementation of B2B and B2C web-application systems are aligned to meet customer expectations and improve business efficiency in this digital era. We shall continue to invest in new technology and business ideas to realise simple, seamless and speedy solutions to meet market demands. A major project currently being undertaken is the Branch Transformation Project which aims to improve business processes and enhance customer experience to perform financial transactions and access services, including features such as Self Service Terminals, e-Application etc.

Business Continuity Management

We recognise the importance of ensuring the continuity of critical business functions and essential services within a specified timeframe notwithstanding unexpected disruption events or natural disasters. Minimum disruption in business operations and customer service would also enhance public confidence and mitigate reputational risk.

In this regard, we have established appropriate policies and implemented processes and systems under our Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP"). A dedicated "back-up" site with required infrastructure and services for back-up operations under the BCP has been established by the Company outside the Klang Valley while critical back-up or "DR" servers for IT systems are located away from the Head Office at third party site with adequate infrastructure and services.

Compliance

We are subject to various compliance requirements from regulators and authorities such as Bursa Securities Malaysia Berhad, Securities Commission Malaysia, the Companies Commission of Malaysia (SSM) and Bank Negara Malaysia; and recognise the importance of compliance matters as it is crucial to the sustainability and growth of our business. We have established a Compliance Framework for clarity on governance and processes to ensure compliance across various areas of the Company's operations, and compliance monitoring mechanisms are embedded in the relevant business processes.

The compliance function established under the Corporate Governance Division serves as a second line of defence to the Company for compliance risk and works closely with business units to address any compliance risk that could potentially lead to fines and penalties, breaches and fraud, material financial loss and adverse publicity and reputational impact. The function is responsible for regulatory compliance, review of related policies and internal controls as well as providing compliance support. Throughout the year, various training and awareness activities were carried out to increase the awareness amongst employees on mandatory compliance requirements. We have also established a whistleblowing mechanism for our employees to channel their concerns on non-compliance incidents.

Managing Impact to the Environment

Environmental Management System ("EMS") Implementation

We have integrated environmental best practices into our operations and raised awareness amongst the employees to minimise our environmental footprint effectively. The Company has obtained certification under *ISO 14001:2015 Environmental Management System ("EMS")* standard. As part of our EMS Policy commitment, the Company is committed towards minimizing the impact to the environment through various resource management initiatives and carbon emission reduction initiatives. To support our policy commitment, various environmental awareness activities were carried out as part of our "ACSM Go Green" Campaign.

Paper Usage

We acknowledge that the environmental impact of paper usage is significant. Our approach is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, in order to reduce paper pollution. We always look at ways to reduce paper usage, so that less waste goes into the landfill.

The emergence of electronic platforms have made it possible for SMS, Company website and email to be used as efficient alternative modes of communication with customers. Therefore, the Company has taken the initiative of sending electronic communication to customers, including SMS on approval of credit facilities, collection of credit cards and product promotions and sending credit card statements via encrypted email; customers may also retrieve their credit card statement via our website. We have also deployed B2B online platform for merchants under our product financing schemes to submit customer applications and information to the Company, with further enhancement of online services being planned for the current year. Paperless communications have helped to reduce printing and mailing costs in addition to reducing paper usage. For the financial year ended 28 February 2017, the Company reduced usage of paper at our Head Office by approximately 8.6% compared to the previous year.

Apart from electronic communication with customers and merchants, electronic communication platforms are also used for day-to-day internal operations e.g. e-forms and soft copy reports have significantly reduced paper usage.

Greenhouse Gas ("GHG") Emission

To monitor carbon footprint from our business activities, the Company has implemented initiatives to measure the carbon emission released from electricity consumption at our Head Office and Regional Offices. To minimise carbon footprint, the Company has initiated several sustainability initiatives to reduce environmental impact e.g. LED lights have been installed at refurbished branches and service counters since 2016. A continuous awareness programme has also been executed to promote electricity saving mind-set among employees. For the financial year ended 28 February 2017, the Company reduced electricity consumption at our Head Office by approximately 3.3% compared to the previous year.

Waste Management

We generate two types of waste in our operations; solid waste and scheduled waste. Typically solid waste comprise office paper and food waste. Waste management practices are in place for paper collection, recycling and disposal. Documents and papers no longer required and other waste paper are disposed through an appointed waste paper vendor, who will collect and deliver the same to paper mills for shredding processes and further recycling into photocopy paper, toilet rolls, carton boxes etc. Pursuant to the *Solid Waste and Public Cleansing Management Act 2007 (Act 672)* which was enforced on 1st September 2015, recycle bins have been prepared at Head Office and all Regional Offices. A continuous awareness programme has been executed to promote 3R (reduce, reuse and recycle) practices. "Scheduled wastes" arising from the Company's operations are primarily e-waste and fluorescent bulbs. The handling of these "scheduled wastes" is in accordance with *Environmental Quality Act (EQA) 1974 Regulations (Scheduled Waste) 2005*. We have appointed licensed contractors for the appropriate disposal of such waste.

Developing Employees

Employee development has always been a core corporate value in growing our business and organisation. We acknowledge that skilled human capital is not only important for sustainable growth, but also contributes to the nation's productivity. The company fosters a workplace that is conducive for the employees by supporting employee's professional growth, value creation as well as succession planning to support our operations in the long run. The company's operation is supported by 3,187 employees as at 28 February 2017, with 6.78% of employees in management positions.

We continuously engage with employees through various employee engagement programmes in order to provide a conducive working environment that promotes respect, diversity, opportunity and inclusion.

Gender diversity	Male	Female	
	1,145 (36%)	2,042 (64%)	

Age diversity	Below 30	Between 30 to 50	Above 50
	1,843 (58%)	1,331 (42%)	13 (< 1%)

Training & Development

A total accumulation of 55,436 learning/training hours were recorded by employees in FYE2017 on internal training and development programmes i.e. average of approximately 2.5 learning/training days for each staff during the financial year. The Human Resource Management Group's ("HRMG") records show that 100% of the employees have participated at all the Mandatory Training Programmes conducted which covered the ÆON COC, Anti-Money Laundering regulations, compliance requirements and IMS awareness, amongst others. In addition to this, our staff have also actively participated in numerous other internal and external training programmes and seminars.

To realise greater training value, HRMG also implemented the following initiatives with the support of relevant business units :-

- E-learning channel on selected areas;
- Internal trainings conducted by in-house HRMG or other business unit facilitators, and
- Company-wide training initiatives where various external speakers are engaged to conduct training programmes specially arranged by the Company, using our training facilities.

Succession Planning

We are actively building up our talent pipeline, developing internal talents and grooming potential successors. We have engaged an external consultant to assist the Company in strengthening the entire process and to ensure the right decisions are made in identifying and developing our internal talent. The first batch consisting of 20 Senior Management members have undergone various assessments to further understand their strengths, development gaps and their weaknesses. Based on the assessment outcomes they will be groomed and developed to assume key positions in the Company.

Currently the Company is looking into identifying and developing the second batch which involves 60 Middle Management staff. Comprehensive assessment results for these managers shall be reviewed prior to individual development plan for each candidate being executed.

Workplace Health and Safety

We have established a Occupational Safety and Health Policy which is communicated to all employees, emphasising management's commitment and concern for staff wellbeing. Pursuant to the said policy, we have established a Safety & Health Committee, which consists of representatives from various business units and HRMG, to discuss and address matters pertaining to safety and health which arise from our operations. Regular safety inspections are carried out to identify any potential hazards to employees and immediate corrective actions are taken where possible. Fire drills are carried out at the Head Office and Regional Offices annually. We have also appointed official floor marshals and first aiders for every floor in Head Office and Regional Office buildings to guide and assist the employees during emergencies. Safety & Health briefing is also conducted twice a year at all branches and service counters to ensure that employees are always ready for any emergencies.

CR Contributions

Community activities and contributions

During the financial year, the Company stepped up corporate responsibility ("CR") activities and contributions nationwide in conjunction with our 20th Anniversary celebration. Among the key areas of focus were large scale community service (*gotong-royong*) activities, charitable contributions to individuals in need and welfare organisations, setting up of an education sponsorship programme for undergraduate students and a badminton tournament to enhance our employees' relationship with merchants. Further, we continued to channel resources supporting other CR activities in collaboration with AEON Group companies under the Malaysian AEON Foundation ("MAF"). These activities serve to promote theme of "growth, peace and harmony" among our customers, employees and the communities we serve.

Education sponsorship and internship programme

The education sponsorship programme is part of our contribution towards development of human capital and aligned with the Company's commitment in supporting and enhancing the well-being of the community it serves.

In the initial year, the Company will be granting sponsorship to 20 eligible students, who face financial challenges, to pursue their undergraduate studies in the fields of Accounting, Economics, Business Administration, Actuarial Sciences, Law and Information Technology/ Computer Science. AEON Credit is collaborating with Universiti Malaya, Universiti Putra Malaysia and Universiti Sains Malaysia on this new initiative in 2017.

In conjunction with our 20th Anniversary celebration, AEON Credit also introduced an internship programme which provides the undergraduates with the opportunity to experience work life at AEON Credit. AEON Credit will be hiring a number of college/university students to be attached to various functions within the Company which include Credit Assessment, Credit Management, Finance, Risk Management, Auto Finance, Personal Financing and Human Resources.

The programme serves as a platform for the Company to assess and evaluate motivated students who may potentially join the Company after graduation to realise the vision of AEON Credit.



CORPORATE RESPONSIBILITY & EVENTS 2016

20TH ANNIVERSARY ACTIVITIES

In conjunction with its 20th Anniversary celebration, ÆON Credit decided to concentrate its efforts in giving back to the society it serves by carrying out corporate responsibility (“CR”) activities nationwide. Among the key areas of focus includes large scale community service (gotong-royong) activities, charitable contributions to individuals in need and welfare organisations, setting up an education sponsorship programme for undergraduate students and enhancing employee-merchant relations through sports. Additionally, ÆON Credit also channelled resources supporting other CR activities with its sister companies through the Malaysian ÆON Foundation (“MAF”).

EDUCATION SPONSORSHIP



ÆON CREDIT SERVICE (M) BERHAD EDUCATION SPONSORSHIP PROGRAMME SIGNING CEREMONY

The Company announced the ÆON Credit Education Sponsorship programme in a signing ceremony with Universiti Malaya, Universiti Putra Malaysia and Universiti Sains Malaysia. The Programme allowed twenty (20) eligible undergraduate students who face financial challenges to pursue their studies in the fields of Accounting, Economics, Business Administration, Actuarial Science, Law and Information Technology / Computer Science. Representatives at the signing ceremony include YBhg. Professor Datuk Dr. Rohana Yusof, Deputy Vice Chancellor of University of Malaya; YBhg. Professor Datin Paduka Dr. Aini Ideris, Vice Chancellor of University Putra Malaysia and YBhg. Professor Dato’ Dr. Adnan Hussein, Deputy Vice Chancellor of University Sains Malaysia. The signing ceremony was also witnessed by Mr. Kenji Fujita, Managing Director of ÆON Credit.

GOTONG ROYONG (KG BHARU)



ÆON CREDIT 20TH ANNIVERSARY CR: GOTONG-ROYONG @ KAMPONG BHARU, KUALA LUMPUR

In conjunction with ÆON Credit’s 20th Anniversary celebration, the Company carried out a CR activity in Kampong Bharu, Kuala Lumpur. Officiated by the Mayor of Kuala Lumpur; YBhg. Datuk Seri Hj. Mohd Amin Nordin Abdul Aziz, the event also received support from Dewan Bandaraya Kuala Lumpur, Perbadanan Pembangunan Kampong Bharu and Alam Flora Sdn. Bhd. with participation from over 350 ÆON Credit staff and local residents. Additionally, the Company donated RM5,000 and wheelchairs for children to Sekolah Pendidikan Khas Kampong Bharu, a school with special needs students and from the lower income bracket.

NATIONWIDE COMMUNITY SERVICE

The Company carried out nationwide community service programmes with participation from staff and senior management. The objectives are to make a positive difference towards the betterment of the environment and give back to the less fortunate. In the Central Region, AEON Credit staff carried out gotong-royong around the compound of its headquarters at Menara Olympia, Kuala Lumpur. Participating volunteers comprised staff from all departments and divisions in the headquarters. As at February 2017, six (6) rounds of community service were carried out with participation from over a total of 300 volunteers comprising staff and senior management since July 2016. In Southern Region, over 120 volunteers organised a one (1) day community service (gotong-royong) programme at Rumah Seri Kenangan Johor Bharu Old Folks Home. Volunteers also donated drinking water dispensers, medication racks, weighing scales, digital blood pressure readers, new clothes and hampers with food, cooking oil and adult diapers. Meanwhile, AEON Credit Batu Pahat Branch collaborated with AEON BiG Batu Pahat Branch in carrying out community service (gotong-royong) at Taman Rekreasi Tasik Y Batu Pahat. Over at Bandaraya Melaka Branch, AEON Credit staff volunteered at The Handicapped & Mentally Disabled Children Centre Melaka to carry out spring cleaning activities, painting and bonding with the residents of the welfare home. Volunteers also contributed sundry goods to the residents.



ACS BADMINTON CUP

ACS CUP BADMINTON CHAMPIONSHIP

Between October 2016 and January 2017, the Company organized the ACS Cup Badminton Championship with the objective of fostering closer ties and expressing appreciation to the Company's employees, merchants and business partners for their continuous support over the years. Close to 600 staff and merchants participated in the tournaments. Winning teams and players took home digital cameras, smart phones and other electrical goods. At the finals, six (6) winning teams took home prizes which included an all-round flight to Japan.

AJBC SPONSORSHIP

AMPANG JAYA BADMINTON CLUB ("AJBC") 3 YEAR JUNIOR DEVELOPMENT PROGRAMME LAUNCH

The Purple League is the first local badminton league to showcase and develop badminton talent in the country with the support the international players. The League's key objective is to provide a platform for all Malaysians from ages 18 to 38 to train and play badminton professionally with top local and international players, while at the same time, build a local talent pool of professional players. The Company has been supporting the League since 2014 and in 2015 became one of AJBC's main sponsor in its 3 Year Junior Development Programme. This programme within a year saw Ms. Anna Cheong; 18 rise to No. 81 in the Badminton World Federation ranking, aiming to be in the top 60 by the second year.



20TH ANNIVERSARY DINNER



AEON CREDIT 20TH ANNIVERSARY APPRECIATION DINNER & CONTRIBUTION TO REGIONAL WELFARE HOMES

AEON Credit Service held its 20th Anniversary appreciation dinner in Kuala Lumpur on 9 December 2016. The high profile event was officiated by Deputy Finance Minister (II), Y.B. Dato' Lee Chee Leong. Other notable VVIPs who attended the event were His Excellency Dr. Makio Miyagawa, Ambassador of Japan to Malaysia and Chairman of AEON Financial Service Co., Ltd. Japan, Mr. Masaki Suzuki. At the event, the Company also donated a total of RM30,000 to six (6) charity organisations nationwide. Each charity organization received a cheque for RM5,000. Among the recipients of the contribution were Permata Camar (Kuantan) orphanage, Hospis Malaysia (Cheras), Pusat Jagaan Warga Emas Nur Ehsan, Sabah Cheshire Home and Services, Salvation Army Malaysia and St. Nicholas Home (Penang).

PROMOTIONAL CAMPAIGNS & CONTEST



SENHENG “SPORTS TIME SHOP AND WIN CONTEST” PRIZE GIVING CEREMONY

ÆON Credit Service collaborated with Senheng Electric (KL) Sdn. Bhd. at the “Senheng Sports Time and Win Contest” prize giving ceremony. During the contest period, between June 2016 and August 2016, the Company contributed via advertisements, promotions and 10% rebate on ÆON Easy Payment for purchases of selected Senheng products to participating contestants. Winning entries received a total of RM5 million worth of exclusive Senheng cash vouchers giveaway while 100 Grand Prize winners of the Contest each took home a 40 inch Sharp 4K UHD TV worth RM2,499 each.



“RIA RAYA LUCKY DRAW CONTEST” PRIZE GIVING CEREMONY

ÆON Credit Service rewarded forty (40) lucky winners with prizes worth over RM200,000 in cash, smartphones and flat screen televisions at ÆON Credit’s “Ria Raya Lucky Draw Contest” prize giving ceremony and appreciation dinner in Kuala Lumpur. The Contest, which commenced from 10 June 2016 to 10 July 2016, was launched to coincide with Hari Raya Aidilfitri and the UEFA Euro Championship of 2016. The contest was opened to all ÆON Credit customers and product users which include credit cards, personal financing and easy payment scheme.



ÆON CREDIT – AEON BIG “HENG ONG HUAT GOLDEN WINNERS CONTEST”

In conjunction with the Lunar New Year of 2017, ACSM collaborated with ÆON Big (M) Sdn. Bhd. for the “Heng Ong Huat Golden Winners Contest”. The Contest was launched on 23 December 2016 and concluded on 12 February 2017. Grand prize winner received a gold bar worth RM5,000 while the 1st prize winner won RM500 worth of ÆON BIG Gift Card and consolation prize winners received RM300 worth of ÆON Big Member Card Points.



PURPLE LEAGUE “MEET & GREET” SESSION WITH KIM ASTRUP

In conjunction with the Purple League badminton 2016 / 2017, ÆON Credit Service in collaboration with AJBC held a Meet & Greet session with international badminton player, Mr. Kim Astrup from Denmark. Other prolific badminton players present were Mr. Suppanyu Avihingsanon (Thailand), Mr. Lee Cheuk Yiu (Hong Kong) and Ms. Anna Cheong Ching Yik (Malaysia). Approximately 120 badminton fans comprising ÆON Credit staff participated in the programme. During the event, participants also received badminton jerseys and autographs.

PURPLE LEAGUE “ACE THE GAME” YEAR END SALES GROUND ACTIVATION

Subsequent to the “Meet & Greet” session in ÆON Credit HQ, the Company further capitalized on its brand and product with Mr. Kim Astrup’s participation at ÆON Mall Bukit Tinggi. The event featured mini badminton game booths which drew participation especially from children who were given the opportunity to interact with the international player. Additionally, the tie-in promotional event was successful in garnering a combined total of close to 300 applications for personal financing and credit cards.



SS PURPLE LEAGUE BADMINTON FINALS

ÆON Credit’s sponsored badminton team, AJBC came in as the 6th best team for Purple League 2016/2017. Currently in its third year, the League unites clubs, players, fans and sponsors with a shared passion for the sport, and attracts many of the biggest international names in competitive badminton. The past two seasons (2014/2015 and 2015/2016) featured 14 of the world’s top players, hailing from 14 different countries, including six Olympians and eight World Champions. Teams compete in the round robin league to top the league points table in a tactical race to take the coveted championship.



AWARDS & CERTIFICATION

THE EDGE BILLION RINGGIT CLUB CORPORATE AWARDS 2016

ÆON Credit took home two awards at The Edge Billion Ringgit Club Corporate Awards 2016 under the Finance Sector Category, namely *Highest Return on Equity over Three Years* and *Highest Growth in Profit before Tax over Three Years*. For 2016, over 29 companies participated and 13 award categories were contested.



SIRIM 2016

On 25 November 2016, the Company was awarded the SIRIM certification for Quality Management Systems (ISO 9001: 2015) and Environmental Management Systems (ISO 14001: 2015) at the SIRIM 2016 Industry Dinner. The certificates were awarded by the Minister Science, Technology and Innovation, YB Datuk Seri Panglima Madius Tangau.

PRODUCT LAUNCH

E-MONEY LAUNCH



ÆON MEMBER PLUS CARD LAUNCH

ÆON Credit's Managing Director, Mr. Kenji Fujita announced the introduction of the Company's E-Money product, the AEON Member Plus Card. The prepaid card with contactless function will be available to the general public in the later part of 2017. Joining in the officiation ceremony were by Deputy Finance Minister (II), Y.B. Dato' Lee Chee Leong, His Excellency Dr. Makio Miyagawa, Ambassador of Japan to Malaysia, AEON Credit Chairman, YBhg. Dato' Abdullah bin Mohd Yusof and Chairman of AEON Financial Service Co., Ltd. Japan, Mr. Masaki Suzuki.

EXPANSION OF BRANCH NETWORK



ÆON MALL SHAH ALAM MINI SERVICE CENTRE OPENING

The Company started its expansion plans for FYE 2017 with the opening of a mini service centre at ÆON Mall Shah Alam. The service centre features cash deposit machines ("CDM") and self-service counters for personal financing and credit card application via tablets.



SUNGAI PETANI BRANCH OPENING

The Sungai Petani Branch was opened to cater for the expanding demand for financial services in the Northern region. The Branch was also the first of two branches opened for FYE2017 that was part of the Branch Transformation Plan ("BTP"). The Branch is equipped with self-service devices such as tablets for credit card and personal financing application instead of service counters.



SEGAMAT BRANCH OPENING

ÆON Credit opened its 2nd branch for FYE 2017 at Segamat. The Branch features CDMs and customer service counters.

ÆON MALL KOTA BHARU MINI SERVICE CENTRE OPENING

The sixth operating centre for Eastern Region opened at ÆON Mall Kota Bharu. The mini service centre features CDMs and self-service counters for personal financing and credit card application via tablets.



CENTRAL REGIONAL OFFICE (“CRO”) OPENING

ÆON Credit officially opened the CRO Regional office in Subang Jaya, Selangor. The move was undertaken to centralize sales of all products within Selangor, Kuala Lumpur and Seremban.



ÆON MALL BANDARAYA MELAKA RECRUITMENT KIOSK OPENING

For FYE 2017, ÆON Credit opened a card recruitment kiosk at ÆON Mall Bandaraya Melaka effectively increasing the total branches and service centres in operation within the Southern Region to twelve (12) for FYE 2017.



ÆON TAMAN MALURI SHOPPING CENTRE RECRUITMENT KIOSK OPENING

The Company opened its second recruitment kiosk for FYE 2017 at ÆON Taman Maluri Shopping Centre bringing the total operating centres in the Central Region to 30. The kiosk features CDMs and self-service counter via tablet for personal financing and credit card application.

COMMUNITY

BLOOD DONATION DRIVE

ÆON CREDIT BLOOD DONATION CAMPAIGN

ÆON Credit organised a blood donation drive in support of Pusat Darah Negara (National Blood Bank). The event was participated by over 200 staff from the Company.



ÆON CREDIT 2ND BLOOD DONATION CAMPAIGN

ÆON Credit organised a 2nd blood donation drive in support of Pusat Darah Negara (National Blood Bank). It received participation from over 150 staff.

CHARITY RUN

MID VALLEY CITY CHARITY RUN 2016

ÆON Credit participated at the Mid Valley City Charity Run 2016. The annual charity event, which started in 2014, is jointly organized by The Gardens Mall and Mid Valley Megamall (owned by IGB REIT) in collaboration with ÆON Big, attracting over 3,000 participants. The event aims to create awareness and bring support to the local safety communities and humanitarian services. Funds raised are channelled to Malaysian Red Crescent.



CHARITY BAZAAR

44TH JAPAN CHARITY BAZAAR

The Company participated at the 44th Charity Bazaar which was held in Pullman Kuala Lumpur City Centre Hotel. The Main organizer of the event was the Japan Club Kuala Lumpur. A total of 57 companies and organizations, including ÆON Credit contributed to the Bazaar in the form of gift and cash vouchers.



ROAD SAFETY CAMPAIGN



KAWASAKI ROAD SAFETY CAMPAIGN 2017

In conjunction with Chinese New Year 2017 celebration, ÆON Credit collaborated with its vendor, KHI Helmets Industries (M) Sdn. Bhd. to supply 300 full faced helmets to road users at the event held at the Sungai Besi toll. Organised by the Malaysia Motorcycle and Scooter Dealers Association, the event was officiated by Minister of Transport, Y.B. Dato' Sri Liow Tiong Lai and supported by Jabatan Keselamatan Jalan Raya.

MALAYSIAN AEON FOUNDATION

Established in June 2004, “With All Our Hearts” Malaysian AEON Foundation (“MAF”) is the charity arm of the AEON Group in Malaysia.



The mission of MAF is:-

1. To be continuously involved in fund-raising activities and events for the benefit of Malaysians, irrespective of race, religion and creed, with focus on the needs of children.
2. To provide financial aid to those with the greatest needs, especially in the areas of education, living environment and medical assistance and to provide activity-based resources to help guide people away from today's social ills.
3. To give children the opportunity to discover their self-worth and develop their full potential so that they may live a more meaningful life in the future.

KUMAMOTO EARTHQUAKE DONATION DRIVE

AEON Credit staff contributed to the donation drive for victims of the Kumamoto earthquake which caused significant damage around Kumamoto. The tragedy occurred on 16 April 2016, killing more than 40 people. 100,000 people were displaced after two powerful earthquakes struck the capital.



SINAR KASIH RAMADAN 2016

A total of 40 volunteers from AEON Credit participated at MAF's "Sinar Kasih Ramadan 2016" charity event with 120 orphaned children at AEON Mall Shah Alam, Selangor. Each child received clothes, shoes, towels, stationery and spending cash. The event also included recreational activities and a buka puasa dinner.



SPREAD OUR LOVE CHINESE NEW YEAR CELEBRATION 2017

AEON Credit staff volunteered for this event at Taman Sinar Harapan welfare home in Kuala Kubu Bharu. The Welfare home houses 220 residents, aged from 15 years and above, who are special needs individuals with learning disabilities and severe cerebral palsy. Volunteers were broken into teams to carry out spring cleaning, put up Chinese New Year decorations at the dorms and bond with the residents. There was also a cake decorating contest with the residents to encourage interaction and participation from the residents and volunteers. Residents were later treated to a Lion Dance show and Yee Sang tossing ceremony. MAF also contributed food items, detergents, adult diapers and a cheque for RM20,000.



JOY OF CHRISTMAS 2016

Fifteen (15) volunteers from ÆON Credit Southern Region joined other volunteers from ÆON CO and ÆON Big at the MAF "Joy of Christmas" event. The event took place at Fanpekka, ÆON Mall Tebrau City located in Johor Bahru. Beneficiaries of the event were residents of the Calvary Welfare Home, Johor. The Welfare home comprised 80 children and 20 single mothers. Volunteers took the children around the mall to purchase clothes, shoes and stationeries. After shopping, children and single mothers were treated to a Christmas themed lunch and other recreational activities.



2ND MAF CHARITY GOLF

ÆON Credit management team participated in a charity golf tournament, aimed at raising funds and donations for underprivileged individuals.

12TH CHARITY GALA DINNER 2016

ÆON Credit and its business partners contributed RM306,000 in cash, sponsorship in the form of dinner tables and lucky draw prizes at MAF's annual charity event. Funds raised were donated to various deserving people, organisations and schools for educational support, medical expenses and disaster relief efforts.





LITER OF LIGHTS ORANG ASLI PROJECT

Over 30 volunteers from AEON Credit participated as volunteers in this project aimed at enhancing the quality of life of the 'Orang Asli' community by installing solar-powered lights and street lamps at their settlement in Kampung Dayok, Cameron Highlands. The special two (2) day project was carried out in collaboration with Incitement Sdn. Bhd., a local non-governmental organisation ("NGO") in two phases. AEON participants worked closely with the NGO team of engineers and technicians to construct indoor solar powered lamps and the volunteers went into the interior parts of the 'Orang Asli' settlement where the installations were carried out.

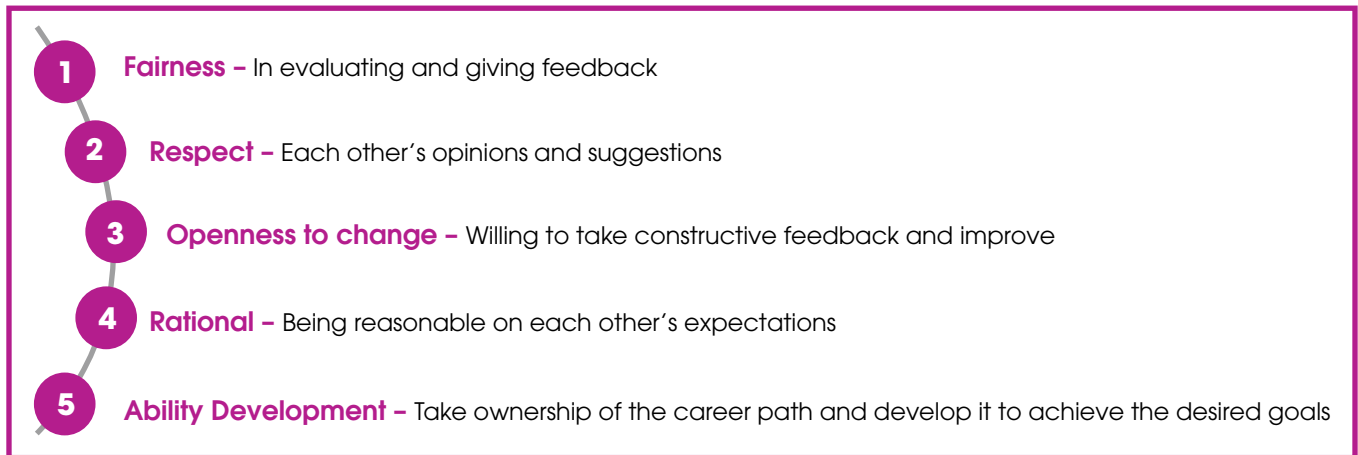
HUMAN RESOURCE DEVELOPMENT & WORKPLACE DIVERSITY

AEON Credit's growth and expansion is supported by having in place dynamic and versatile management strategies and by the diversity of its people who are able to respond to the needs of its customers and adapting to changing market conditions. By leveraging the diverse backgrounds, experiences and perspectives of its human resources, the Company is effectively enabled to provide excellent customer service to an equally diverse market through its products and services. In ensuring consistency and quality of service and products dispensed to our customers, the Company invests significantly in training and development programmes targeting all levels of staff in various areas to constantly enhance level of skills, leadership quality for career development and succession planning.



ÆON HUMAN RESOURCE PRINCIPLES

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



Basic Principle on Personnel

ÆON Group's basic principle on personnel revolve around making the most of what employees have to offer by listening to employees aspirations and understanding employees feelings, based on the guiding philosophy of ensuring that all ÆON staffs lead a work life balance at work, at home and in the community.

Basic Approach to Personnel

Creating a corporate environment in which human resource can continue to grow employees in a long term working relationship. Dealing with personnel based on ability and achievement not nationality, age, gender or status.



5 YEAR FINANCIAL HIGHLIGHTS

5 YEAR FINANCIAL HIGHLIGHTS

ÆON CREDIT SERVICE
Annual Report 2017

	FYE 2017 RM'000	FYE 2016 RM'000	FPE 2015 RM'000	FYE 2014 RM'000	FYE 2013 RM'000
STATEMENT OF PROFIT OR LOSS					
Revenue	1,101,955	965,234	871,600	672,762	467,127
Profit before tax	351,162	301,591	289,269	233,875	181,107
Profit after tax	265,027	228,222	215,726	175,352	134,126
STATEMENT OF FINANCIAL POSITION					
Assets					
Plant and equipment	62,233	52,076	45,234	46,599	41,036
Investments	19,045	24,239	18,555	5,542	5,542
Deferred tax assets	49,070	39,043	24,693	11,040	5,057
Receivables	4,480,990	3,630,038	2,811,030	2,034,533	1,189,825
Total non-current assets	4,611,338	3,745,396	2,899,512	2,097,714	1,241,460
Receivables, deposits, prepayments and derivative financial assets	2,587,064	2,284,861	1,975,119	1,657,003	1,187,561
Cash and bank balances	73,667	67,250	48,668	12,569	6,404
Total current assets	2,660,731	2,352,111	2,023,787	1,669,572	1,193,965
Total assets	7,272,069	6,097,507	4,923,299	3,767,286	2,435,425
Equity					
Share capital	116,012 [#]	72,000	72,000	72,000	72,000
Share premium	-	44,012	44,012	44,012	44,012
Reserves	838,975	668,806	563,700	429,552	313,195
Equity attributable to ordinary equity holders of the Company	954,987	784,818	679,712	545,564	429,207
Perpetual notes and sukuk	276,000	276,000	276,000	100,000	-
Total equity	1,230,987	1,060,818	955,712	645,564	429,207
Liabilities					
Borrowings	4,898,808	4,214,649	2,965,526	2,113,455	1,191,934
Total non-current liabilities	4,898,808	4,214,649	2,965,526	2,113,455	1,191,934
Borrowings	973,417	693,528	856,141	840,908	670,499
Payables, accruals and derivative financial liabilities	141,575	113,584	118,709	143,798	124,999
Taxation	27,282	14,928	27,211	23,561	18,786
Total current liabilities	1,142,274	822,040	1,002,061	1,008,267	814,284
Total liabilities	6,041,082	5,036,689	3,967,587	3,121,722	2,006,218
Total equity and liabilities	7,272,069	6,097,507	4,923,299	3,767,286	2,435,425
STATISTICS					
Net earnings per share (sen) *	174.55	149.02	145.64	121.77	102.84
Net dividends per ordinary share (sen)	63.00	59.45	57.00	46.30	35.50
Net assets per share (RM) **	6.63	5.45	4.72	3.79	2.98

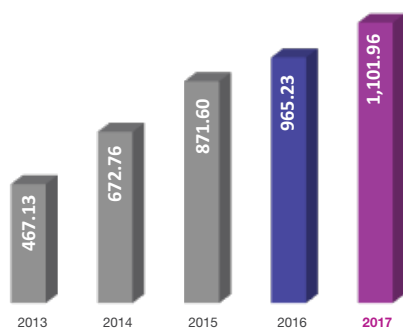
Note :

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

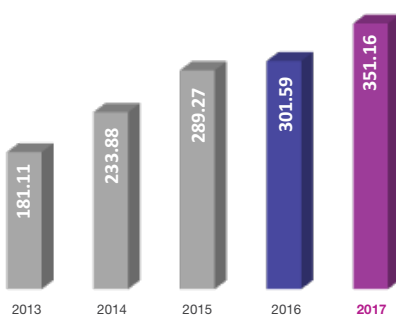
** Net assets per share has been calculated with exclusion of perpetual notes.

Pursuant to Section 618(2) of the Companies Act 2016, the sum of RM44,012,000 standing to the credit of the Company's share premium account has been transferred and become part of the Company's share capital.

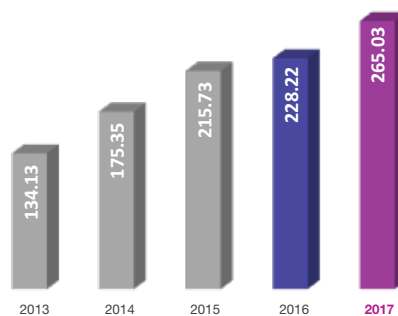
Revenue
(RM Million)



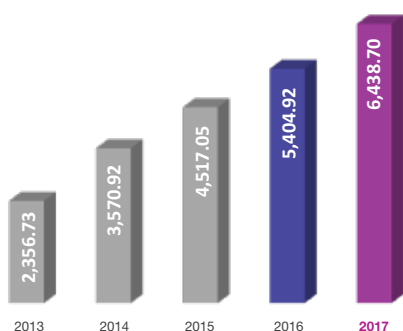
Profit before Tax
(RM Million)



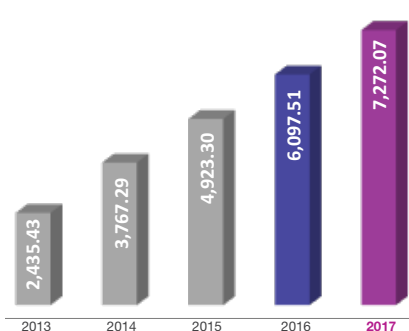
Profit after Tax
(RM Million)



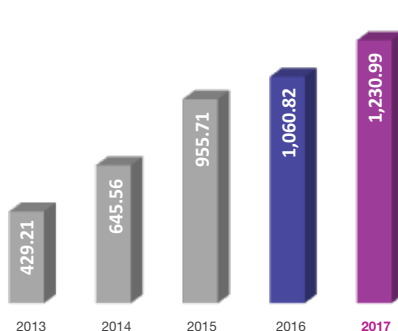
Financing Receivables
(RM Million)



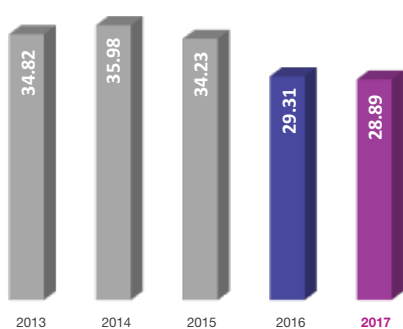
Total Assets
(RM Million)



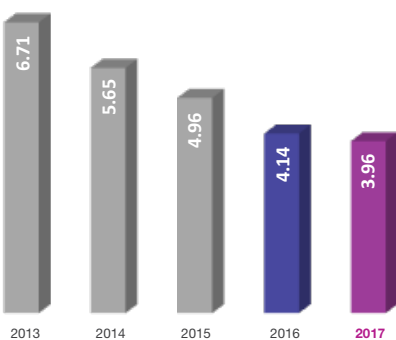
Total Equity
(RM Million)



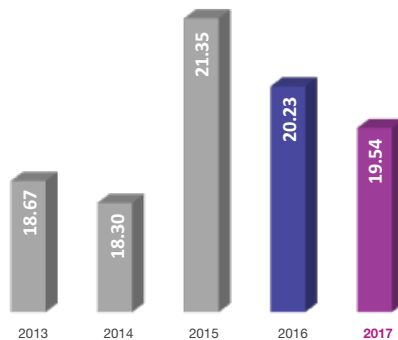
Return on Equity
(%)



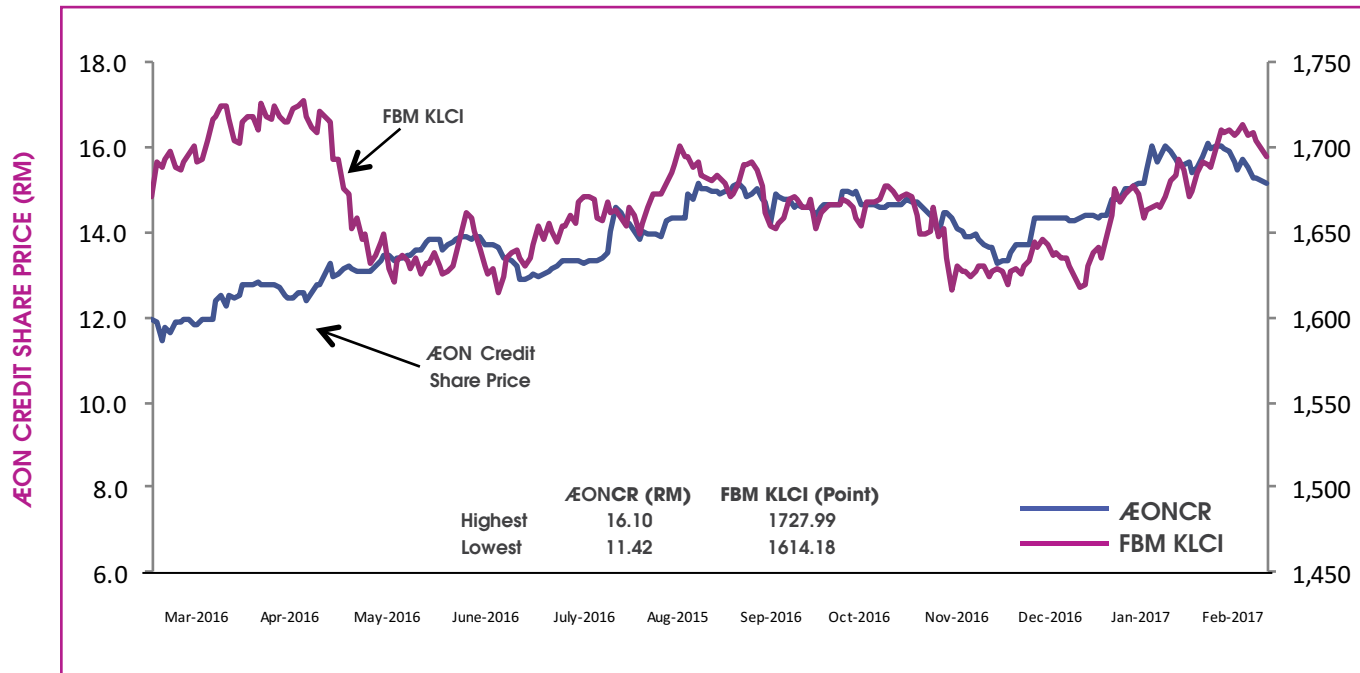
Return on Assets
(%)



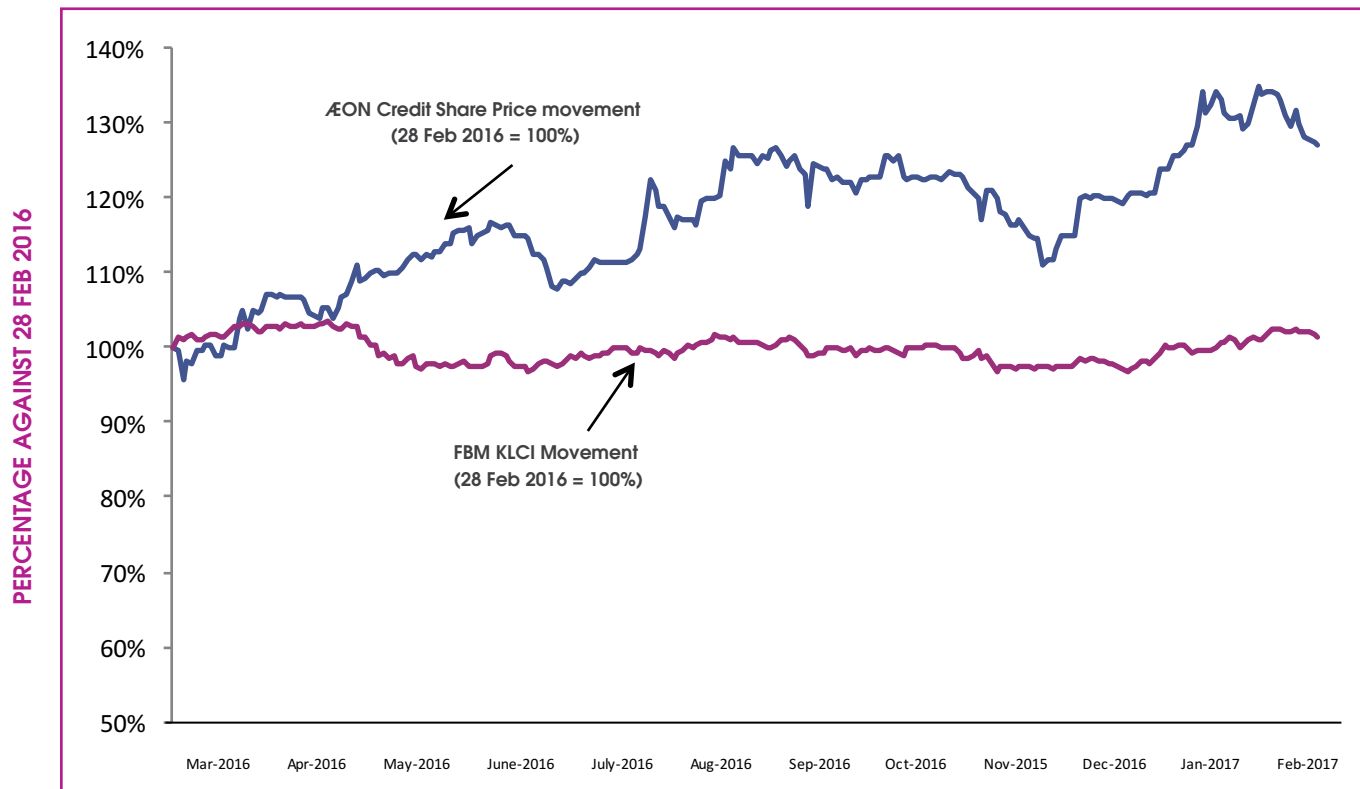
Capital Adequacy Ratio
(%)



ÆON CREDIT SHARE PRICE VS. FBM KLCI (01-03-16 TO 28-02-17)



ÆON CREDIT SHARE PRICE MOVEMENT VS. FBM KLCI MOVEMENT (01-03-16 TO 28-02-17)





PROFILE OF DIRECTORS & SENIOR MANAGEMENT



DATO' ABDULLAH BIN MOHD YUSOF
Chairman and Independent Non-Executive Director
(78, Malaysian, Male)

Dato' Abdullah bin Mohd Yusof was appointed the Chairman of ÆON Credit on 23 July 1997. He holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. He has more than forty five (45) years of experience as an Advocate & Solicitor. He started his career with Skrine & Co, as a Legal Assistant in 1968 before starting his own partnership under the name of Tunku Zuhri Manan & Abdullah, Advocates & Solicitors in 1969 and subsequently renamed the law firm to Abdullah & Zainudin, Advocates and Solicitors in 1989. He presently remains a partner in Abdullah & Zainudin, Advocates and Solicitors. He sits on the Board of Directors of AEON CO. (M) BHD., MMC Corporation Berhad and Zelan Berhad, all of which are companies listed on Bursa Securities. He also sits on the Board of Directors of several private limited companies. He is currently the Chairman of the Nomination Committee and the Remuneration Committee.

He has attended all ten (10) Board meetings held during the year ended 28 February 2017. He holds 5,180 ordinary shares directly in the Company and 51,000 ordinary shares indirectly in the Company.



MR. KENJI FUJITA
Managing Director
(48, Japanese, Male)

Mr. Kenji Fujita was appointed as an Executive Director of ÆON Credit on 19 June 2013 and as Managing Director of the Company on 23 June 2014. He obtained a Bachelor's Degree in Arts & Humanity from Yamaguchi University, Japan in 1992 and a Master of Business Administration ("MBA") degree from International University of Japan in 2009. He began his career in AEON Co., Ltd., Japan in 1992 and was subsequently transferred to AEON CO. (M) BHD. in 1997. He served in the Business Development function, MD Office and Shopping Centre Development functions over the years before he was appointed as the General Manager of SC Development in 2005. From 2007 until early 2012, he was managing the Human Resource, Administration, Finance and Executive Office functions in AEON Co., Ltd., Japan and AEON Stores (Hong Kong) Co., Ltd., Hong Kong. In March 2012, he was transferred to AFSJ and was appointed as Executive Director of AEON Financial Service (Hong Kong) Co., Ltd. in June 2012, prior to his transfer to the Company in June 2013. He does not hold any directorship in any other public or public listed company.

He has attended ten (10) Board meetings held during the year ended 28 February 2017. He does not hold any shares in the Company.

Note: All Directors (page 42-47) do not have any family relationship with any Director and/or major shareholder of the Company, any conflict of interest with the Company, or any conviction for offences within the past 5 years, except for traffic offences, if any.



DATUK RAMLI BIN IBRAHIM
Independent Non-Executive Director
(77, Malaysian, Male)

Datuk Ramli bin Ibrahim was appointed as an Independent Non-Executive Director of ÆON Credit on 23 July 1997. He qualified as a Chartered Accountant from the Institute of Chartered Accountants of Australia in 1965. He is a Fellow of Institute of Chartered Accountants in Australia ("ICAA") and a member of the Malaysian Institute of Accountants ("MIA"). He has approximately thirty (30) years of experience in the field of audit and accountancy with KPMG in Australia, United Kingdom and Malaysia. He was appointed to the position of Partner of KPMG Malaysia in 1971 and promoted to Senior Partner of KPMG Malaysia in 1989. He also served on the Board of Directors of KPMG International and KPMG Asia Pacific from 1990 to 1995. He retired from KPMG Malaysia in 1995. He further served as the Executive Chairman of Kuala Lumpur Options and Financial Futures Exchange Berhad from 1995 to 2000 and as a Non-Executive Director of a commercial bank in Malaysia from 1996 to 2014. Currently, he sits on the Board of Directors of several private limited companies. He also serves as a member of the Audit and Nomination Committees.

He has attended nine (9) Board meetings held during the year ended 28 February 2017. He holds 100,000 ordinary shares directly in the Company.



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

Dato' Md. Kamal bin Ismaun was appointed as a Non-Executive Director of ÆON Credit on 7 August 2007. He obtained a Bachelor's Degree in Arts from Universiti Malaya in 1975. He had served 32 years in the Foreign Service in various capacities both abroad and in Wisma Putra (Ministry of Foreign Affairs) which included stints as Counsellor at the Embassy of Malaysia in Tokyo, Japan (1986-1990), Charge d'Affaires in Zagreb, Croatia in Bosnia Herzegovina (1994-1996), Ambassador to Cambodia (1996-1999), Under-Secretary at the Ministry of Foreign Affairs (Southeast Asia and Pacific, 1999-2001), Director-General of ASEAN in the Ministry of Foreign Affairs (2001-2003) and Ambassador to Germany (2003 - July 2007). He also serves as a member of the Audit, Remuneration and Nomination Committees. He does not hold any directorship in any other public or public listed company.

He has attended all ten (10) Board meetings held during the year ended 28 February 2017. He holds 6,000 ordinary shares directly in the Company.



MR. NG ENG KIAT
Independent Non-Executive Director
(64, Malaysian, Male)

Mr. Ng. Eng Kiat was appointed as a Non-Executive Director of ÆON Credit on 7 August 2007. 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 and CPA Australia. He has more than forty (40) years of experience in the field of audit, accountancy 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. Presently, he is the Managing Partner of the merged firm of Azman, Wong, Salleh & Co. and Folks DFK & Co. He is currently a member of the audit interview panel representing MIA. He also sits on the Board of Directors of several private limited companies. He is currently the Chairman of the Audit Committee and member of the Remuneration Committee. He does not hold any directorship in any other public or public listed company.

He has attended all ten (10) Board meetings held during the year ended 28 February 2017. He holds 12,000 ordinary shares directly in the Company.



MR. TOMOKATSU YOSHITOSHI
Independent Non-Executive Director
(65, Japanese, Male)

Mr. Tomokatsu Yoshitoshi was appointed as an Independent Non-Executive Director of ÆON Credit on 30 June 2016. He obtained a Bachelor's Degree in Law (Political Science) from Keio University, Japan in 1975. He received his post graduate degree from the School of Business Administration Bloomington at Indiana University, United States of America in 1981. He was seconded from the Long-Term Credit Bank of Japan Co., Ltd., Japan to serve as General Manager of Finance at the Dai-ichi Hotel, Ltd., Japan from 1998 to 1999. He then joined as General Manager at LDA Commercial Division in 1999 and joined ING Life Insurance Co., Ltd as General Manager in the Investment Trust Services Division in 2000. He was appointed as President at ING Mutual Fund Management Co., Ltd. from 2002 to 2003. From 2003 to 2009, he served as General Manager in Bank Distribution Business Development, at ING Life Insurance Co., Ltd. In 2011 he served as Audit & Supervisory Board Member at the Financial Products Group Co., Ltd. and FPG Trust Co., Ltd. He was appointed as an Independent Director at AEON Bank Ltd., Japan in 2016. He does not hold any directorship in any other public or public listed company.

He has attended seven (7) Board meetings held during the year ended 28 February 2017. He does not hold any shares in the Company.



MR. KOJI HATAKEDA
Non-Independent Non-Executive Director
(62, Japanese, Male)

Mr. Koji Hatakeda was appointed as a Non-Independent Non-Executive Director of AEON Credit on 30 June 2016. He obtained a Bachelor's Degree in Contemporary Social Studies from Kanseigakuin University, Japan, Japan in 1977. He joined AEON Financial Service Co., Ltd. ("AFSJ") as Kanto Division Manager in 2002. Subsequently, he was promoted to General Manager of AFSJ Business Development and AFSJ Kanto Regional where he served from 2003 to 2006. Thereafter, he joined ACS Credit Management Co., Ltd. as Director & General Manager helming the Card Business and Credit Management departments respectively, before he was appointed as Executive Director of ACS Credit Management Co., Ltd. in 2008. He was appointed as Director of ACS Credit Management Co., Ltd. in 2010. He does not hold any directorship in any other public or public listed company.

He has attended six (6) Board meetings held during the year ended 28 February 2017. He holds 36,000 ordinary shares directly in the Company.



MRS. JIRAPORN KONGCHAROENWANICH
Non-Independent Non-Executive Director
(49, Thai, Female)

Mrs. Jiraporn Kongcharoenwanich was appointed as a Non-Independent Non-Executive Director of AEON Credit on 30 June 2016. She obtained a Masters Degree in Public and Private Management from National Institute of Development Administration, Thailand in 2004. She joined AEON Thana Sinsap (Thailand) Public Company Limited as Vice President in the same year and was promoted to Director in 2006. She later became the Managing Director of ACS Servicing (Thailand) Co., Ltd. in 2013. She was re-designated as Non-Executive Director of ACS Servicing (Thailand) Co., Ltd. in 2015. She does not hold any directorship in any other public or public listed company.

She has attended seven (7) Board meetings held during the year ended 28 February 2017. She does not hold any shares in the Company.



MR. KRISHNAPPAN A/L S.P.S. SINGARAM
Executive Director
(50, Malaysian, Male)

Mr. Krishnappan A/L S.P.S. Singaram was appointed as an Executive Director of ÆON Credit on 7 June 2005. He obtained the Certified Public Accountant qualification from Malaysian Institute of Certified Public Accountants ("MICPA") in 1994 and is currently a member of both MICPA and the Malaysian Institute of Accountants ("MIA"). He began his career with KPMG Peat Marwick in 1987. In 1993, he joined Sime Darby Berhad as Finance Manager before joining Tanjung Serbaneka Holdings Sdn. Bhd. as their Group Finance Manager in 1996. Thereafter, he joined ÆON Credit in 2000 as Finance Manager and was re-designated as Head of Finance, Legal and Administration Division in April 2010. In April 2013, he was made the Head of Corporate Services Division before assuming his current role as Head of Corporate Governance & Credit Policy Division in April 2015. Currently, he is the Chief Compliance Officer and Head of Corporate Governance Division of the Company. He does not hold any directorship in any other public or public listed company.

He has attended all ten (10) Board meetings held during the year ended 28 February 2017. He holds 108,000 ordinary shares directly in the Company.



MR. LEE KIT SEONG
Executive Director
(48, Malaysian, Male)

Mr. Lee Kit Seong was appointed as Executive Director of ÆON Credit on 20 June 2014. He obtained the Chartered Certified Accountant qualification from The Association of Chartered Certified Accountants ("ACCA") in 1996 and is currently a Fellow member of ACCA and a member of Malaysian Institute of Accountants ("MIA"). He began his career with Kassim Chan & Co (now known as Deloitte PLT) in 1996. He left to join Rashid Hussain Securities Sdn. Bhd. as an Accountant in 1997 before joining Affin Hwang Investment Bank Berhad as Senior Manager - Finance & Accounts in 2000. Thereafter, he left Affin Securities Sdn. Bhd. to join ÆON Credit in 2006 as Senior Manager of Finance. In 2009, he left ÆON Credit to join OSK Investment Bank as Senior Vice President, Finance Group and re-joined ÆON Credit in 2012 as Assistant General Manager, Finance & Administration Group. In April 2014, he was appointed as Chief Financial Officer and Head of Finance & Administration Division before assuming his current role as the Head of Corporate Management Division. He does not hold any directorship in any other public or public listed company.

He has attended all ten (10) Board meetings held during the year ended 28 February 2017. He does not hold any shares in the Company.



MS. LEE TYAN JEN
Executive Director
(43, Malaysian, Female)

Ms. Lee Tyan Jen was appointed as Executive Director of ÆON Credit on 1 July 2013. She obtained a Bachelor's Degree in Business Administration from University of South Alabama, USA in 1996. She joined ÆON 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 Assistant General Manager in 2006, heading the Credit Assessment Department. In 2008, she was promoted as General Manager and served as Head of Credit Assessment Group before assuming the position as Head of Business Operations Division in April 2015. As at April 2016, she is the Chief Operating Officer and Head of Customer Service and Operation Division of the Company. She does not hold any directorship in any other public or public listed company.

She has attended nine (9) Board meetings held during the year ended 28 February 2017. She holds 23,774 ordinary shares directly in the Company.



MR. KIYOOKI TAKANO
Executive Director
(53, Japanese, Male)

Mr. Kiyooki Takano was appointed as Executive Director of ÆON Credit on 25 June 2015. He obtained a Bachelor's Degree in Social Welfare from Tohoku Fukushi University, Japan in 1986. He started his career as an Officer in ÆON Credit Service Co., Ltd in 1986 in the Sales and Marketing Department and in March 2000, he was transferred to the Product Development Department. In 2002, he was promoted to Assistant General Manager of Sales & Marketing Department. Subsequently in 2007, he was promoted to General Manager of Sales & Marketing Department. In 2010, he was transferred as General Manager for Bank Agency Business, prior to his secondment to Digital Direct Co., Ltd, in 2011. Later, in 2013 he was seconded to ÆON Link Co., Ltd, Japan as General Manager and subsequently appointed as Managing Director of ÆON Link Co., Ltd, Japan in 2014, serving until March 2015. Currently, he is Chief Marketing Officer and Head of Sales and Marketing Division of the Company. He does not hold any directorship in any other public or public listed company.

He has attended all ten (10) Board meetings held during the year ended 28 February 2017. He holds 36,000 ordinary shares directly in the Company.



1 MR. KENJI FUJITA

*Managing Director**

2 MR. KRISHNAPPAN A/L S.P.S SINGARAM

*Executive Director**

3 MR. LEE KIT SEONG

*Executive Director**

4 MR. KIYOAKI TAKANO

*Executive Director**

5 MS. LEE TYAN JEN

*Executive Director**

** Please refer to the full profile of senior management from
pg 42-47 of this Annual Report*





6 MR. KEN TANAKA

*Assistant General Manager
Head of Business Development
Department*

7 MR. POON KAI CHONG

*Assistant General Manager
Head of Credit Management Group*

8 MS. LEE SIEW TEE

*Assistant General Manager
Head of Finance Group*

9 MS. ALINA TEOH

*Assistant General Manager
Head of Human Resources Management
Group*

10 MR. PHANG CHEE CHONG

*Assistant General Manager
Head of Internal Audit Group*

11 MR. TAKAAKI OSHITATE

*Assistant General Manager
Head of E-Money Department*

12 MR. AJITH JAYARAM

*Deputy General Manager
Head of Corporate Strategy Group*

13 MR. CHEN HENG GUAN

*Assistant General Manager
Head of Vehicle Finance Group*

14 MR. TOSHIMITSU KURE

*Assistant General Manager
Head of Information Technology Group*

15 MR. NAOTO NOMURA

*Assistant General Manager
Head of Overseas Support Department*

16 MR. TAN KEAN WOOL

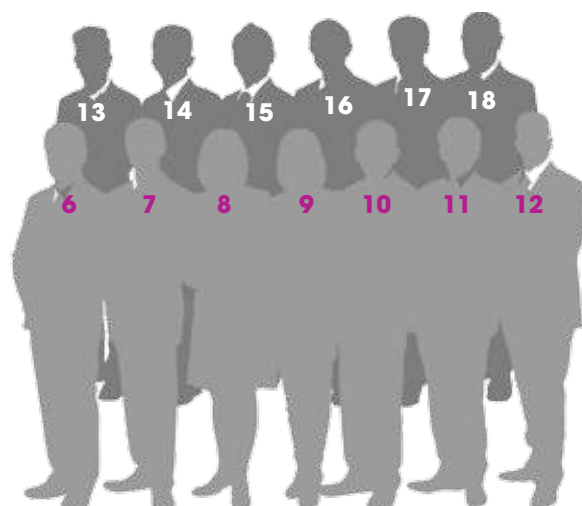
*Assistant General Manager
Head of Credit Operation Group*

17 MR. HAU KOK PECK

*Assistant General Manager
Head of Market Development
& E-Money Group*

18 MR. FAIZUL HAMZAH

*Assistant General Manager
Head of Credit Card Group*



The Board of ÆON Credit is committed towards ensuring the high standards of corporate governance embodied in the Malaysian Code on Corporate Governance ("Code") are maintained by the Company in managing its business affairs and meeting expectations of various stakeholders. In addition to the Code, the corporate governance practices and operations of the Company comply with or are guided by the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Second Edition of Corporate Governance Guide issued by Bursa Malaysia Berhad and ÆON Group's Code of Conduct ("COC").

The Board considers that the Company's corporate governance framework and practices, as set out in this Statement, serve to strengthen the Company's sustainability, organisational effectiveness and drive a high-performance culture within the Company.

This Statement outlines the key aspects of how the Company has applied and taken into account the Principles enumerated under the Code and Paragraph 15.25 of the MMLR during the financial year ended 28 February 2017. Where there are gaps in the Company's observation of any of the Recommendations of the Code, these are disclosed herein with explanations.

PRINCIPLE 1 - Establish Clear Roles and Responsibilities of the Board and Management

The Board is responsible for the stewardship of the business and affairs of the Company on behalf of the shareholders with a view of enhancing the long-term value of their investment. The Company is led by an effective and experienced Board with members from diverse backgrounds and specialisations. The overall principal roles and responsibilities of the Board are as follows:

- (a) Develop, review and revise the Company's long-term strategic plans;
- (b) Provide clear objectives and policies to senior management for operations;
- (c) Oversee the conduct and proper management of the Company's businesses, including succession planning;
- (d) Ensure establishment of appropriate risk management framework and risk strategy as well as adequate management information and internal control system of the Company;
- (e) Ensure the Company's strategies promote sustainability, with attention given to environmental, social and governance aspects of business.
- (f) Review and approve the Company's annual budget and business plan;
- (g) Review and approve Related Party Transactions; and
- (h) Approve transactions and activities outside the discretionary powers of senior management, subject to shareholders' approval where necessary.

The Board has established a Board Charter as a key point of reference to clarify the roles and responsibilities of the Board. The Board Charter is subject to review by the Board from time to time to ensure relevance and compliance, incorporating the following areas, amongst others:

- (a) Roles of the Board and Committees
- (b) Board composition and Terms of Reference
- (c) Appointment, Re-election and Resignation of Directors
- (d) Code of Ethics and COC for Directors and employees
- (e) Board and Board Committee Proceedings
- (f) Remuneration and Benefits for Directors
- (g) Training and Development
- (h) Annual Board Assessment

The Board Charter has been published on the Company's website at www.aeoncredit.com.my for reference of shareholders and other stakeholders.

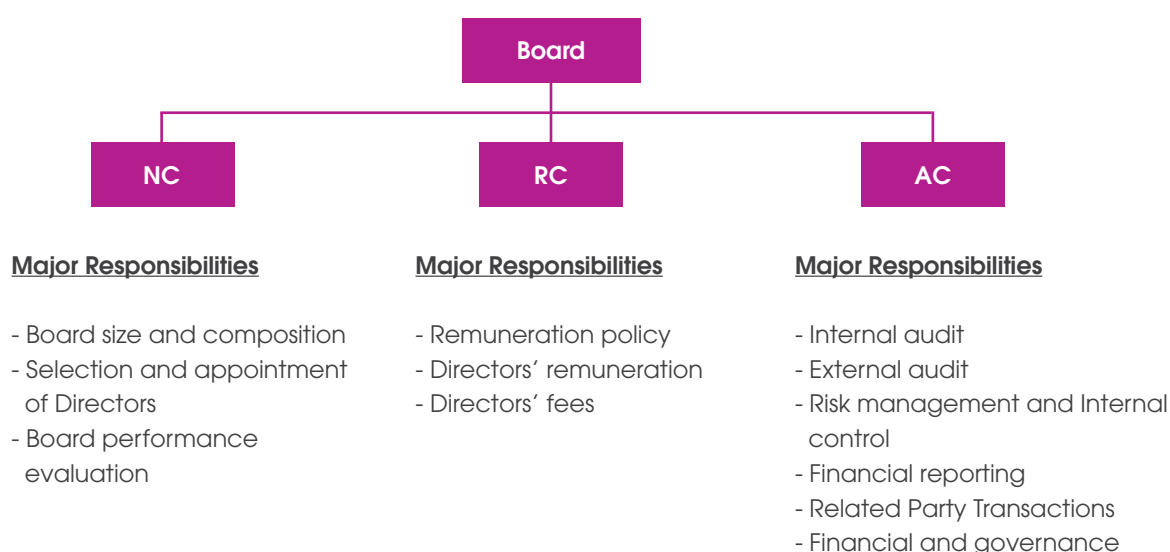
The Board reserves certain powers for itself and delegates other matters to the Executive Directors and Senior Management. The schedule of matters reserved for the Board's decision includes, amongst others, review and approval of the following:

- (a) Business strategy and annual business plan/budget;
- (b) Enterprise-wide risk management framework and risk strategy;
- (c) Raising or restructuring of equity or debt capital and bank borrowings;
- (d) New investments, divestments, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires approval of shareholders;

- (e) Acquisition or disposal of significant assets outside the ordinary course of business;
- (f) Acquisition of equipment or assets exceeding threshold under management approval;
- (g) Quarterly financial results and annual financial statements; and
- (h) Appointment of new Directors, including setting the relevant terms of service and level of remuneration.

The management team, led by the Managing Director ("MD") and assisted by four (4) other Executive Directors, is responsible for the day-to-day management of the Company and is accountable to the Board. Various powers are further delegated to the management team of the Company based on the Company's Authority Matrix, which is also subject to periodic review based on changes in organisation structure and business requirements for efficient decision making.

The Board is assisted by its Committees, which have been established under defined terms of reference, in accordance with the MMLR of Bursa Securities and best practices prescribed by the Code to assist the Board in discharging its responsibilities. The Committees are the Audit Committee ("AC"), Nomination Committee ("NC"), and the Remuneration Committee ("RC"). The following diagram provides a brief overview of the three main Board Committees of the Company:



The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been approved by the Board and are reviewed from time to time to ensure they are relevant and up-to-date. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

ÆON Group COC

The Company's objectives, visions and values are aligned with the ÆON Group's COC which was established by AEON Co., Ltd. The basic principles take into consideration the interests of the Company's customers/ shareholders, employees, business partners and the broader community in which the Company operates.

All employees are briefed on the COC upon commencement of employment and attend refresher training annually. The Company has also established a whistle blowing channel, identified as ÆON Hotline, under the COC to be complied with by staff and management. Employees can raise genuine concerns without fear, on anonymous basis or otherwise, on areas such as unethical practices, illegal activities, breach of regulations, financial/accounting fraud etc. The issues raised through the AEON Hotline, an Intranet communication channel, are investigated and resolved with strict confidentiality by the Company.

Sustainability

The Board is further committed to ensuring the Company's strategies promote sustainability as encapsulated in ÆON Group's basic principles of "pursuit of peace, respect for humanity and contribution to local communities", with the customer at the core. Environmental, social and governance ("ESG") responsibilities and concerns are integral to the way in which the Company conducts its business, as set out in ÆON Group's COC Commitment. Good governance at all levels is essential for sustained growth of the organisation. The inaugural Sustainability Statement of the Company is set out on pages 15 to 21 of the Annual Report.

Supply of and Access to Information

The Board and the respective Board Committees are supplied with and granted access to timely information which allows them to discharge their responsibilities effectively and efficiently. They are furnished with Board papers and reports providing updates on financial, strategies, operational, regulatory, risk management and audit matters as well as corporate plans, strategies, developments and results prior to the Board or respective Board Committees' meetings to facilitate informed discussion and decision-making during meetings.

Other information shall be furnished to Directors from time to time for review and consideration of matters reserved specifically for the Board's decision. Procedures are in place for the Board or Board members to seek independent professional advice in the course of fulfilling their responsibilities, at the Company's expense, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

The Board or Board Committees may invite senior management staff to attend the Board or Board Committees' meetings to brief or present to the Board or Board Committee on the business operations and performance.

Directors have unrestricted access to the advice and services of the appointed Company Secretaries, both of whom are experienced and qualified persons as members of the Malaysian Institute of Chartered Secretaries and Administrators. The Directors are regularly updated and advised by the Company Secretaries on new statutory guidelines and regulatory requirements such as updates on the MMLR of Bursa Securities Companies Act 2016 and the Code from time to time, their impact and the implication on the Company and Directors in carrying out their fiduciary duties and responsibilities. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities.

Deliberations during the Board and Board Committees' Meetings were properly minuted and documented by the Company Secretary. Minutes of the meetings and circular resolutions are maintained in the statutory register at the registered office of the Company, where other meeting documents are also kept.

PRINCIPLE 2 - Strengthen Composition of the Board

The Board currently consists of twelve (12) members, comprising one (1) Chairman who is a Non-Executive Director, five (5) Executive Directors including the MD, and six (6) other Non-Executive Directors.

The Chairman and four (4) of the Non-Executive Directors are Independent Directors of the Company. This complies with Paragraph 15.02(1) of the MMLR of Bursa Securities which requires at least two (2) or one third (1/3) of the Board of the Company, whichever is the higher, to be independent directors. There is no individual Director or group of Directors who dominates the Board's decision-making. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

The present size and composition of the Board is optimum and well balanced, in terms of the required mix of skills, experience and core competencies as well as need to safeguard the interests of the minority shareholders. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of law, finance and accounting, audit and taxation, commerce and public service. This results in the Board having the stability, continuity and commitment as well as capacity to discharge its responsibilities and manage the Company effectively. There is no individual Director or group of Directors who dominate the Board's decision-making.

The current number of Independent Directors is deemed as ideal to provide the necessary check and balance to the Board's decision making process, through objective participation in Board deliberations and the exercise of independent judgement. Datuk Ramli bin Ibrahim is the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and other stakeholders on matters relating to corporate governance of the Company.

Meanwhile, diversity of background and perspectives represented on the Board is considered with regard to Board appointments, which shall not be barred by virtue of gender, ethnicity and age of a candidate. The Board is of the view that Directors' appointments are dependent on a candidate's skills, experience, core competencies and personal qualities, regardless of gender, ethnicity, religion or age. Nevertheless, it is to be noted that the current composition of the Board includes persons from various ethnic groups across various age bands, and includes a female Executive Director.

The profile of each Director is set out on pages 42 to 47 of this Annual Report.

Nomination Committee

The NC established by the Board comprises exclusively Non-Executive Directors with all of them being Independent Directors, with minimum of three (3) members. The NC, empowered by the Board and its Terms of Reference, is responsible for identifying and recommending suitable candidates to the Board for approval of appointment as Director of the Company, either to fill vacancies or as additions to meet the changing needs of the Company.

The Committee meets as and when required, and at least once a year. Additional meetings shall be scheduled as considered necessary by the NC or the Chairman of the NC. The Company Secretary shall also be designated as Secretary of the NC. Members of senior management may attend the meetings upon invitation by the Chairman of the NC.

During the financial year ended 28 February 2017, two (2) NC meetings were held. Details of the NC members are set out below:

No.	Name of Director
1.	Dato' Abdullah bin Mohd Yusof (Chairman) - Independent Non-Executive Director
2.	Datuk Ramli bin Ibrahim - Independent Non-Executive Director
3.	Dato' Md Kamal bin Ismaun - Independent Non-Executive Director

The NC is responsible for making recommendation to the Board on the optimum size of the Board, formalising a transparent procedure for proposing new nominees to the Board and Board Committees and ensuring that the interest of the minority shareholders are fairly reflected on the Board. The NC is also responsible for evaluation and recommendation to the Board on the appointment of the MD and the Chief Financial Officer.

A selection process for new appointees to the Board as recommended by NC has been adopted by the Board. In evaluating the suitability of candidates, the NC considers the following factors before recommending to the Board for appointment:

- skills, knowledge, expertise and experience;
- time commitment to effectively discharge his/her role as a director
- character, integrity and competence;
- boardroom diversity including gender diversity; and
- in the case of candidates for the position of Independent Non-Executive Director, the NC shall also evaluate the candidate's ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors.

The NC has reviewed annually the size of the Board, required mix of skills, experience and other qualities of the Board including core-competencies that both Executive and Non-Executive Directors should bring to the Board. The NC has also assessed annually the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director, the effectiveness and performance of the Executive Directors, independence of the Independent Directors, training courses required by the Directors and the character, experience, integrity, competence and time to effectively discharge the roles of Directors/Chief executive and is satisfied with the current composition and performance of the Board.

The work undertaken by the NC in the financial year ended 28 February 2017 were review and assessment on the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, performance and contribution of each Director and effectiveness of the Board and Board Committees, evaluation of suitability of new Directors proposed to be appointed to the Board and review on the retirement of Directors by rotation and their eligibility for re-election. The NC also reviewed the proposal and framework implemented on management succession planning for key positions in the Company's organisation structure and monitored progress on the plan during the year.

NC has arranged for the induction of the newly appointed Directors to the Board to ensure they have comprehensive understanding of the nature of the business, current issues within the Company, corporate strategies and management of the Company as well as the expectations of the Board with regard to their contribution to the Company.

A copy of the Terms of Reference of the NC is available on the website of the Company at www.aeoncredit.com.my.

Remuneration Committee (RC)

The RC comprises three (3) members, all of whom are Independent Directors.

The RC is responsible for reviewing annually and recommending to the Board, the remuneration of Executive Directors and fees of Non-Executive Directors of the Company, in all its forms so as to ensure that the Company is able to attract and retain its Directors needed to manage the Company successfully. The Executive Directors concerned play no part in the decision of their own remuneration but may attend the committee meetings at the invitation of the Chairman of the RC if their presence is required. The determination of fees of the Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Director abstaining from discussion of their own fees. The Company's Articles of Association provide that any increase in Directors' fees should be approved at a general meeting.

During the financial year, the work undertaken by the RC were to review and recommend to the Board the remuneration of the MD and Executive Directors of the Company and the fees for the Non-Executive Directors' to be proposed by the Board for shareholders' approval at the Company's Annual General Meeting ("AGM").

During the financial year ended 28 February 2017, two (2) RC meetings were held. Details of the RC members are set out below:

No.	Name of Director
1.	Dato' Abdullah bin Mohd Yusof (Chairman) - Independent Non-Executive Director
2.	Dato' Md Kamal bin Ismaun - Independent Non-Executive Director
3.	Mr. Ng Eng Kiat - Independent Non-Executive Director

Directors' Remuneration

The RC recommends to the Board the framework and remuneration package of the MD and other Executive Directors after annual review exercise while the determination of the remuneration of the Non-Executive Directors is a matter to be decided by the Board as a whole. The remuneration package of Executive Directors are structured according to the skills, experience and individual performance of the respective Director, and take into consideration the corporate performance as well as objective of attracting and retaining talent needed to manage the Company. Meanwhile, the fees of the Non-Executive Directors are determined with reference to the responsibilities, core competencies and experience of respective Director and contribution to the Company.

The Directors' remuneration for the financial year ended 28 February 2017 are broadly categorized into the following bands:

Remuneration Band	Number of Directors		
	Executive	Non-Executive	Total
Below RM 100,000	-	3	3
RM 100,001 to RM 150,000	-	3	3
RM 150,001 to RM 200,000	-	1	1
RM 200,001 to RM 250,000	-	1	1
RM 450,001 to RM 500,000	2	-	2
RM 500,001 to RM 550,000	1	-	1
RM 550,001 to RM 700,000	1	-	1
RM 900,001 to RM 950,000	1	-	1
TOTAL	5	8	13

Note: Table above includes a director who retired during the financial year.

The details of the aggregate remuneration of the Directors for the financial year ended 28 February 2017, categorised into appropriate components are as follows:-

Category of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	-	804	804
Salaries, bonus and other contributions	2,808	-	2,808
Benefits-in-kind	251	-	251
TOTAL	3,059	804	3,863

The remuneration of each Director is not disclosed in view of such information being highly confidential and sensitive in nature. Furthermore, such information will not substantially assist in the assessment and understanding of the Company's governance.

Continuing Education and Training of Directors

All Directors have completed the Mandatory Accreditation Program as prescribed by Bursa Securities. Further, the Directors have devoted sufficient time to enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology, regulatory framework and the changing business environment within which the Company operates. During the financial year ended 28 February 2017, the Directors have attended individually or collectively various training programmes, seminars, forums and workshops, amongst others, on the following topics:

Title of Seminar / Workshops / Courses

1. 2017 Budget Seminar
2. AFS Director & Senior Management Compliance Training
3. AEON Group Management Development Programme
4. Anti-Corruption & Integrity – Foundation of Corporate Sustainability
5. CXO Conference Malaysia 2016
6. Engaging with, and assessing the External Auditors
7. Fraud Risk Management
8. Hitachi Social Innovation Forum 2017
9. Legal Familiarisation Training
10. MCCG 2012: Key Challenges and Common Pitfalls
11. National Tax Conference 2016
12. Related Party Transactions and Conflict of Interest Situations
13. Statement of Risk Management & Internal Control – Guidelines for Directors of Listed Issuers
14. Technical Brief of IFRS 9 - Financial Instruments
15. Understanding Complex Financial Reporting Under MFRS/IFRS

All Directors are encouraged to continue to identify and attend appropriate seminars, conferences and courses to keep abreast with the developments in the business environment as well as the current changes in the laws and regulations to enhance their knowledge and skills.

The Company Secretaries circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Boards' reference. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements during the financial year.

PRINCIPLE 3 – Reinforce Independence of the Board

There is clear division of responsibilities between the Chairman and the MD, where the MD is also the Chief Executive Officer to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The MD, supported by the Executive Management team, implements the Company's strategic plans, policies and decision adopted by the Board and oversees the operations and business development of the Company.

The Board recognizes the importance of independence and objectivity in the decision making process. In line with the Code and to enable a balance of power and authority in the Board, the Board Charter was adopted such that the Board should comprise a majority of Independent Directors in the event the Chairman of the Board is a Non-Independent Non-Executive Director.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest not only of the Company, but also of the shareholders, employees, customers and communities in which the Company conducts business. The Board, via the NC, assesses each Director's independence to ensure ongoing compliance with this requirement annually. The Independent Directors provide unbiased views and impartiality to the Board's decision-making.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decision in any matter concerning the Company is required to immediately disclose to the Board the nature of such personal interest or details of such conflict of interest or potential conflict of interest and to abstain from participating in any discussion or voting on the matter.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities and criteria developed by the NC. Dato' Abdullah bin Mohd Yusof, Datuk Ramli bin Ibrahim and Dato' Md Kamal bin Ismaun have abstained from any deliberations or voting pertaining to their own independence at the NC and Board levels while Mr Ng Eng Kiat also abstained from deliberation and voting pertaining to his own independence at the Board level.

The Board is aware of the recommended tenure of an Independent Director which should not exceed nine (9) years cumulatively under the Code and that an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director's re-designation of as a Non-Independent Non-Executive Director. In the event the Board intends to retain a Director's status as Independent after having served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

In accordance with the Company's Articles of Association, at every AGM of the Company, one-third of the Directors or the number nearest to one-third (1/3) are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years. All Directors who retire from office shall be eligible for re-election.

Pursuant to the Articles of Association of the Company, Mr. Kenji Fujita, Ms. Lee Tyan Jen, Mr. Tomokatsu Yoshitoshi, Mr. Koji Hatakeda and Mrs. Jiraporn Kongcharoenwanich would be due to retire at the forthcoming Twentieth ("20th") AGM and be eligible for re-election. However, Mr. Koji Hatakeda and Mrs. Jiraporn Kongcharoenwanich have expressed their intention not to seek re-election at the forthcoming 20th AGM and will retain office until the conclusion of the 20th AGM.

At the Nineteenth AGM of the Company held on 21 June 2016, Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim, who are above the age of seventy (70) years, were re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the 20th AGM. Their terms of office will end at the conclusion of the 20th AGM and they have offered themselves for re-appointment.

PRINCIPLE 4 - Foster Commitment of Directors

Board and Board Committees meetings are conducted in accordance with a structured agenda. The agenda for each Board and Board Committees meeting and the relevant reports and Board and Board Committees papers are forwarded to the Board, and Board Committees generally five (5) days prior to the Board and Board Committees meeting to allow the Directors and Board Committees sufficient time to peruse the agenda papers and review the issues well ahead of the meeting date.

The Company Secretaries attend all Board and Board Committees' meetings and ensures that meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained properly.

Board meetings are held at least on a quarterly basis. Additional meetings are held as and when required. During the financial year ended 28 February 2017, the Board met ten (10) times where it deliberated and considered a variety of matters, inclusive of financial results, operations' performance, potential investments, strategic decisions, risk management and other matters requiring the decision of the Board. The details of Directors' attendance are as follows:

No.	Name of Director	Attendance*
1.	Dato' Abdullah bin Mohd Yusof (Chairman) - Independent Non - Executive Director	10/10
2.	Mr. Kenji Fujita - Managing Director	10/10
3.	Datuk Ramli bin Ibrahim - Independent Non-Executive Director	9/10
4.	Dato' Md Kamal bin Ismaun - Independent Non-Executive Director	10/10
5.	Mr. Ng Eng Kiat - Independent Non-Executive Director	10/10
6.	Mr. Tomokatsu Yoshitoshi (appointed on 30 June 2016) - Independent Non-Executive Director	7/7
7.	Mr. Koji Hatakeda (appointed on 30 June 2016) - Non-Independent Non-Executive Director	6/7
8.	Mrs. Jiraporn Kongcharoenwanich (appointed on 30 June 2016) - Non-Independent Non-Executive Director	7/7
9.	Mr. Krishnappan A/L S.P.S. Singaram - Executive Director	10/10
10.	Mr. Lee Kit Seong - Executive Director	10/10
11.	Ms. Lee Tyan Jen - Executive Director	9/10
12.	Mr. Kiyooki Takano - Executive Director	10/10
13.	Mr. Nuntawat Chotvijit (retired on 21 June 2016) - Non-Independent Non-Executive Director	1/2

(*Number of Board Meetings attended/ held during the Directors' term in office)

The Board's decisions are recorded in the meeting minutes and the draft minutes of meetings are made available to all Board members before the confirmation of the minutes at the next meeting. Representatives of the Senior Management and external advisers are invited to attend the Board and Board Committees' Meeting to advise on the relevant agenda items to enable the Board to make sound decisions.

The Board, via the NC, reviews annually the time commitment of the Directors and ensures that they are able to discharge their role(s) on the Board. Directors are required to notify the Chairman of the Board before accepting any new directorships and to indicate the time expected to be spent on the new appointment. Generally, Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Director's performance as a member of the Board.

PRINCIPLE 5 – Uphold Integrity in Financial Reporting by the Company

The Board upholds the integrity of financial reporting by the Company and aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects, primarily through its annual financial statements and quarterly statements to shareholders and the review of operations through its annual report. The AC and the Board oversee the Company's annual and quarterly financial reporting, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016 and that reasonable and prudent judgements and estimates have been made.

The AC comprises wholly Non-Executive Directors, all of whom are Independent, with Mr. Ng Eng Kiat as the AC's Chairman. Mr Ng Eng Kiat is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and a fellow member of the Chartered Tax Institute of Malaysia and Certified Practising Accountants, Australia. The composition of the AC, terms of reference and activities of the AC for the financial year under review are set out on pages 60 to 61 of this Annual Report. One of the key responsibilities of the AC is to ensure that the financial statements of the Company comply with applicable financial reporting standards in Malaysia and the requirements of the Companies Act 2016.

The Board has established procedures, via the AC, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The AC meets with the external auditors to discuss the audit plan, audit findings and the Company's financial statements. The AC of the Company also meets with the external auditors at least twice a year and with the Management staff of internal audit function once a year without the presence of the Executive Directors and Management team. Further, the external auditors are invited to attend the AGM and answer any shareholders enquiries relating to the audit of the financial statements.

PRINCIPLE 6 – Recognise and Manage Risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework, overseeing the Company's strategic risk management and ensuring adequacy of internal control system in the Company. The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

The key features of the risk management framework and processes to identify, evaluate, control, monitor and report the principal business risks faced by the Company on an ongoing basis are set out in the Statement on Risk Management and Internal Control in this Annual Report.

The AC assists the Board in discharging the above responsibility by overseeing and reviewing the risk management framework and key risk areas periodically. In line with the Code and the MMLR, the Board has established an internal audit function that reports directly to the AC. Reports from the internal audit function and risk management function are tabled for review and discussion at quarterly meetings of the AC. Further, the Board reviews the risk management reports of the Company at regular meetings of the Board.

PRINCIPLE 7 – Ensure Timely and High Quality Disclosure

The Board is committed to the principles set out in Bursa Securities' Corporate Disclosure Guide and applicable laws to enable comprehensive, accurate and timely disclosures relating to the Company to regulators, shareholders and stakeholders. Disclosure of material information and other information required to be announced to Bursa Securities in compliance with MMLR were duly made during the financial year after management review and Board approval.

The Company has established a dedicated section for corporate information on the Company's website (www.aeoncredit.com.my) where information on the Company's announcements, financial information and the Company's Annual Report may be accessed.

PRINCIPLE 8 – Strengthen Relationship Between the Company and Shareholders

The Board is aware that a key element of good corporate governance is the effective communication and dissemination of clear, relevant and comprehensive information which is readily accessible by the Company's shareholders. It also recognises the importance of maintaining transparency and accountability to shareholders.

The Company's quarterly/annual financial performance and corporate developments in the Company have been promptly announced to all shareholders through disclosures to Bursa Securities, accessible through both the stock exchange website (www.bursamalaysia.com) and the Company's own website. Further updates of the Company's activities, product launching and operations are also disseminated through dialogues with analysts, fund managers and investors as well as press releases from time to time. Investor relations and corporate information are available from the Company's website, including information on the Company's products, services and promotions.

This Annual Report is another main channel of comprehensive communications with shareholders on the financial results, operations, prospects, activities undertaken and state of corporate governance in the Company. A dedicated Investor Relations e-mail contact has also been made available at (IR@aeonmalaysia.com.my) for shareholders to submit queries or comments on any issue of concern.

The AGM has been the main forum of dialogue for shareholders to raise their concerns and provide feedback to the Board on the Company's performance and direction. A presentation was made by the management during the last AGM on the Company's performance and major activities during the financial year. All the resolutions set out in the Notice of the Nineteenth AGM were put to vote by show of hands and duly passed. The shareholders were informed of their right to demand for a poll. The outcome of the AGM was announced to Bursa Securities on the same day.

Effective 1 July 2016, Paragraph 8.29A of the MMLR of Bursa Securities provides that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. At least one (1) scrutineer will be appointed to validate the votes cast at the meeting. Furthermore, a summary of key matters discussed during the forthcoming AGM will also be posted on the website of the Company as soon as practicable after the AGM.

Composition and Meetings

The AC members are appointed by the Board from amongst its non-executive members. The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. Mr. Ng Eng Kiat (AC Chairman) and Datuk Ramli bin Ibrahim are members of the Malaysian Institute of Accountants.

During the financial year ended 28 February 2017, the AC convened four (4) scheduled meetings on 11 April 2016, 16 June 2016, 20 September 2016 and 15 December 2016. There were also two (2) Special Meetings held on 24 August 2016 and 23 February 2017. The details of attendance of each AC member are as follows:-

No.	Name of Director	Number of AC Meetings Attended/Held During The Directors' Term in Office
1.	Mr. Ng Eng Kiat (Chairman) - Independent Non-Executive Director	6/6
2.	Datuk Ramli bin Ibrahim - Independent Non-Executive Director	5/6
3.	Dato' Md Kamal bin Ismaun - Independent Non-Executive Director	6/6

The Company Secretary, being the Secretary of the AC, was present at all the meetings. Upon invitation, representatives of the External Auditors, Messrs. KPMG PLT, the Managing Director and the Heads of Corporate Management Division, Corporate Governance Division, Internal Audit Group and related management personnel also attended specific meetings.

The AC is in compliance with Paragraph 15.09 of the MMLR of Bursa Securities. The Chairman of the AC reported to the Board on matters deliberated during the AC Meetings and minutes of AC Meetings were tabled to the Board for notation. Further information of the members of the AC is set at in the Profile of Directors of this Annual Report.

Summary of Work Undertaken by the AC During the Financial Year

During the year under review, the AC carried out the following work in the discharge of its functions and duties as set out in its terms of reference:

1. Financial Reporting

- Reviewed and recommended the quarterly unaudited financial results and the annual audited financial statements of the Company to the Board for consideration and approval.

2. External Audit

- Reviewed with the External Auditors, Messrs. KPMG PLT the scope of work and the audit plan for the year.
- Reviewed and recommended professional fees of Messrs. KPMG PLT to the Board for consideration.
- Reviewed and deliberated reports issued by the External Auditors, Messrs. KPMG PLT, on significant findings and remedial actions to be taken by Management to address the issues raised.
- The AC met with the engagement partner in private twice, i.e. on 11 April 2016 and 15 December 2016 to discuss any issues or significant matters in relation to their work without the presence of the Executive Board members, Management staff and Internal Audit Group.

3. Internal Audit

- Reviewed and approved the annual internal audit plan of the Internal Audit Group, including its scope, coverage and the resource requirements of the Internal Audit function to carry out its work.
- Reviewed and deliberated reports issued by the Internal Audit Group and Japanese Sarbanes-Oxley ("J-SOX") Internal Control Audit Report issued by Deloitte Enterprise Risk Services Sdn Bhd on significant findings and remedial actions to be taken by Management to address all issues raised.
- The AC had evaluated the performance and effectiveness of the Internal Audit function based on the guidance of the Corporate Governance Guide (Second Edition) issued by Bursa Securities, which include the scope, functions, competency and resources of the Internal Audit Group.
- During the financial year, the AC held one (1) meeting with the Internal Auditor on 11 April 2016 without the presence of the Executive Board members and Management staff of the Company to discuss any issues or significant matters, which the Internal Auditors wished to raise.

4. Related Party Transactions

- a) Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Company.
- b) Reviewed the annual circular to shareholders in respect of the proposed renewal of existing Shareholders' mandate for recurrent related party transactions and new mandate for additional recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for consideration and approval.

5. Others

- a) Reviewed the risks identified by the Risk Management Committee ("RMC") and considered the adequacy of actions taken to address, mitigate and resolve such risks.
- b) Reviewed and recommended the declaration of dividends to the Board for consideration and approval.
- c) Reviewed and considered proposed revisions made to the AC's Terms of Reference for Board approval.
- d) Discussed and recommended to the Board for approval, the Statements on Corporate Governance, Risk Management and Internal Control and the Audit Committee activities report for inclusion in the Annual Report 2016.
- e) Discussed and recommended to the Board for approval, the engagement of Deloitte Enterprise Risk Services Sdn Bhd to render the J-SOX assessment services to the Company.
- f) Discussed and recommended to the Board for approval the appointment of external consultants for transfer pricing consultancy services and the conduct of Goods and Services Tax ("GST") compliance health check respectively.

Internal Audit Function

The AC is supported by the Internal Audit Group in the discharge of its duties and responsibilities. The internal audit function serves as a governance control and provides the AC with independent and objective reports on the state of internal control of the operating units within the Company. The Internal Audit Group reports functionally to the AC and administratively to the Managing Director, and is independent of the activities it audits.

The Internal Audit Group adopts a risk-based model in planning its work approach, which encompass auditing the Company's operations, information system and outsourced service providers. These are guided by an annual internal audit plan, which is approved by the AC.

During the year under review, the Internal Audit Group conducted the internal audit engagements in accordance with the annual internal audit plan to review the adequacy and effectiveness of the internal control system as well as compliance with relevant policies, procedures and regulations. The Internal Audit Group also carried out ad-hoc audit reviews upon requests from the regulator, Bank Negara Malaysia during the financial year, reviewed the recurrent related party transactions entered into by the Company on a quarterly basis, and the tests conducted on the Company's Business Continuity Plan and Disaster Recovery Plan. Internal control deficiencies noted from these audits were highlighted to the appropriate level of Management for resolution.

Internal Audit reports arising from the audits and reviews conducted by Internal Audit Group were tabled to the AC for review and deliberation at each of the AC Meeting during the financial year. The relevant Management of the operating units are responsible to ensure that remedial measures are taken on reported internal control deficiencies within the required timeframe. Follow-up reviews were conducted by Internal Audit Group, and status updates were provided to the AC on the progress of remedial measures taken.

The total staff cost incurred in respect of the internal audit function for the financial year under review was RM1,442,925.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ÆON CREDIT SERVICE
Annual Report 2017

Introduction

The Board recognises that risk management and internal control is about commitment to safeguard shareholders' investment and the Company's assets.

The Board is committed to its responsibility of maintaining a sound system of risk management and internal control, covering financial and operating activities to safeguard shareholders' investment, the Company's assets and customers' interests. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Accordingly, the Board is pleased to provide the Statement on Risk Management and Internal Control ("Statement") prepared in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Issuers" ("Guidelines") issued by Bursa Malaysia Securities Berhad which outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the organisation.

This Statement outlines the processes that have been implemented to ensure the adequacy and integrity of the system of risk management and internal control of the Company during the financial year ended 28 February 2017 and it has been prepared in compliance with the Main Market Listing Requirements of Bursa Securities.

The Risk Management Department is responsible for the preparation of the Statement on Risk Management and Internal Control in accordance with the Guidelines.

Board Responsibilities

The Board has an overall responsibility for the Company's system of risk management and internal control to provide reasonable assurance of efficient operations, effective internal checks and compliance with laws and regulations.

The Board is assisted by the Company's Management in the implementation of the approved policies and procedures on risks and controls, in which the Company's Management identifies and assesses the risks faced as well as implements and monitors appropriate control measures to mitigate and control these risks. Further, the Board is assisted by the AC to review the adequacy and integrity of the system of internal controls in the Company as part of the internal control and risk management processes.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the organisation are updated and reviewed from time to time to suit the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of this statement for inclusion in the Annual Report.

System of Internal Controls

The Board is responsible for managing the key business risks of the Company and implementing an appropriate internal control system to manage those risks. The Board reviewed the adequacy and integrity of the system of internal controls during the financial year.

Enterprise-wide Risk Management Framework

The Board is committed to operating within a system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. The Enterprise-wide Risk Management Framework ("ERMF") is the overarching framework that sets out the Company's approach to risk management. It establishes the mechanisms and processes by which the Board directs the risk management function of the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.

The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the Company's system of risk management and internal control are set out in the risk management control frameworks relating to each of the Company's Key Risks and in the organisation's operational risk policies and procedures. The ERMF is reviewed annually by the management.

The Board has established a management structure of the Company and clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. The Board has extended the responsibilities to assess the internal controls to the AC through the Internal Audit function.

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the RMC, comprising members of key management team, with the objective of assessment and management of the identified risks. Monthly meetings were held to address the various risk areas associated with the Company's business and operations including credit risk, operational risk, market risk and liquidity risk. The Company's exposure to risk events, impact arising and mitigation measures were presented and discussed at the said meetings. The effectiveness of the risk management system is monitored and evaluated by the Company's Risk Management Department, on an ongoing basis. Changes to policies and framework formulated to identify, measure and monitor various risk components shall be reviewed and recommended by the RMC to the Board. Additionally, the RMC assessed the adequacy of these risk management policies and ensured infrastructure, resources and systems are emplaced for risk management. Risk Management reports were presented to the Board on a quarterly basis. From July 2016 onwards, the reports were presented to the Board on monthly basis. The purpose of the report is to highlight the key risk areas, impact arising to the Company from risk events, changes to risk assessment evaluation, risk mitigation measures etc. for Board review and feedback.

Risk management policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees. The Company also adopted a whistle blowing policy, providing an avenue for employees to report actual or suspected malpractice, misconduct or violations of the Company's policies and regulations in a secure and confidential manner.

The Company has established structure of "three lines of defense" for risk management: risk taking units (Business Units), risk control unit (Risk Management Department), and internal audit. The risk taking units are responsible for the day-to-day management of risks inherent in their business activities, while the risk control unit is responsible for setting the risk management framework and developing related tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.

Internal Audit Function

The AC, assisted by the Internal Audit Group, 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 Group.

The Internal Audit Group adopts a risk-based approach in preparing its audit strategy and plan. The Internal Audit Group independently reviews the risk exposures and control processes implemented by the management and conducts assignments which encompass auditing and review of critical areas within the Company, including operations and information systems. The internal audit activities are guided by an annual internal audit plan, which is approved by the AC and the internal audit reports are tabled at the AC Meetings for review. Further, the Internal Audit Group engages in regular communication with the senior management team and various departments within the Company related to Internal Audit activities and efforts for continuous improvement in operations and systems. External auditors' recommendations for improvements noted during their audit are also monitored and followed-up.

Other Key Elements of Internal Controls

Other key elements of the processes established by the Board which provides effective internal control include:

- An annual business plan and budget were submitted to the Board for approval. Actual performances were reviewed against the targeted results on a monthly basis for management's response and action required, where applicable. Prior to July 2016, such review was performed on a quarterly basis. The Board reviewed monthly reports from the management on the key operating statistics and risk management, and feedback on action required was furnished to the senior management team.

- The Company's core values and code of conducts are the essential guiding principles which are observed in all business dealings and sets out standards of good practice to be observed by all staff.
- The corporate decision authority matrix, corporate purchasing authority matrix and respective business units authority matrix with defined empowerment and authority serves as framework in regulating all business activities and decisions within the Company.
- The Company has in place written operating procedures in various areas of operations, which also incorporate risk management issues and are subject to biannual review and updated as and when necessary to improve on the control environment and operational efficiency.
- Various Management Committees at senior level have been established by Management to assist and support the Board to oversee areas such as business operations, risk management, system implementation and support, staff disciplinary issues etc. These include the Company's Executive Committee, RMC, Investment Committee and Disciplinary Action Committee (under Human Resource function).
- The AC is responsible for reviewing the statutory annual financial statements and the quarterly announcements to Bursa Securities and recommends to the Board for approval prior to submission to Bursa Securities.
- The Company has been identified as a significant subsidiary of the holding corporation, ÆON Financial Service Co., Ltd. ("AFSJ"), for purposes of AFSJ's compliance with the Framework of Internal Controls over Financial Reporting ("Japanese Sarbanes-Oxley or J-Sox") pursuant to the Financial Instruments and Exchange Law of Japan. Based on the said requirements, management conducted evaluation of internal controls in the Company that have a significant and pervasive impact over financial reporting and internal controls corresponding to relevant specific processes. Thereafter, an external risk management consultant engaged by the Company conducted an annual assessment on the effectiveness of internal controls on financial reporting, and furnished a report on related findings, if any.

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

Conclusion

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

1. Material Contracts Involving Directors and Substantial Shareholders

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

2. Audit and Non-Audit Fees

The details of the audit and non-audit fees paid/payable for the financial year ended 28 February 2017 to the External Auditors and a firm or corporation affiliated to the External Auditors are set out below:

	RM
Audit Fees	193,000
Non-Audit Fees	
i) Review of Internal Control	20,000
ii) Review of Realised and Unrealised Profit or Loss	10,000
iii) Quarterly Review	63,000
iv) Opening Balance Review for Implementation of New Accounting System	25,000
v) Taxation Services	18,000
Total	136,000



FINANCIAL

STATEMENTS



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The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 28 February 2017.

ULTIMATE HOLDING CORPORATION

The Directors regard AEON Co., Ltd., which is incorporated in Japan as the ultimate holding corporation, during the financial year and until the date of this report.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles. There has been no significant change in the nature of the principal activities during the financial year.

RESULTS

	RM'000
Profit for the year	265,027

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final ordinary dividend of 29.60 sen per ordinary share, totalling RM42,624,000 in respect of the financial year ended 29 February 2016 on 15 July 2016; and
- ii) an interim ordinary dividend of 30.50 sen per ordinary share, totalling RM43,920,000 in respect of the financial year ended 28 February 2017 on 7 November 2016.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 28 February 2017 is 32.50 sen per ordinary share, totalling RM46,800,000. The proposed dividend will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Abdullah bin Mohd Yusof
Kenji Fujita
Datuk Ramli bin Ibrahim
Dato' Md Kamal bin Ismaun
Ng Eng Kiat
Krishnappan A/L S.P.S Singaram
Lee Tyan Jen
Lee Kit Seong
Kiyooki Takano
Tomokatsu Yoshitoshi (appointed on 30 June 2016)
Jiraporn Kongcharoenwanich (appointed on 30 June 2016)
Koji Hatakeda (appointed on 30 June 2016)
Nuntawat Chotvijit (retired on 21 June 2016)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

/-----Number of ordinary shares -----/				
	At 1.3.2016/ Date of appointment	Bought	Sold	At 28.2.2017
The Company				
Direct interest:				
Dato' Abdullah bin Mohd Yusof	30,180	-	(25,000)	5,180
Datuk Ramli bin Ibrahim	100,000	-	-	100,000
Dato' Md Kamal bin Ismaun	6,000	-	-	6,000
Ng Eng Kiat	12,000	-	-	12,000
Krishnappan A/L S.P.S. Singaram	108,000	-	-	108,000
Lee Tyan Jen	23,774	-	-	23,774
Kiyoaki Takano	36,000	-	-	36,000
Koji Hatakeda [#]	36,000	-	-	36,000
Deemed interest:				
Dato' Abdullah bin Mohd Yusof				
- others*	51,000	-	-	51,000

/-----Number of ordinary shares -----/				
	At 1.3.2016	Bought	Sold	At 28.2.2017
Ultimate holding corporation				
AEON Co., Ltd.				
Deemed interest:				
Kiyoaki Takano*	100	-	-	100
Immediate holding corporation				
AEON Financial Service Co., Ltd.				
Direct interest:				
Kiyoaki Takano	6,520	-	-	6,520
Deemed interest:				
Kiyoaki Takano*	1,692	-	-	1,692
Related company				
AEON CO. (M) BHD.				
Direct interest:				
Dato' Abdullah bin Mohd Yusof	2,070,000	-	-	2,070,000
Datuk Ramli bin Ibrahim	400,000	-	(110,000)	290,000
Deemed interest:				
Dato' Abdullah bin Mohd Yusof	2,805,000	-	(455,000)	2,350,000
Datuk Ramli bin Ibrahim*	400,000	-	(20,000)	380,000

* Deemed to have interest through spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.

[#] Date of appointment

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year except for the transfer of share premium pursuant to Section 618(2) of the Companies Act 2016 amounting to RM44,012,000 and became part of the Company's share capital.

There were no issuance of debentures during the financial year.

ISSUE OF OTHER EQUITY INSTRUMENTS

There were no issuance of other equity instruments during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company are RM10,000,000 and RM28,700 respectively.

OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have 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) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

OTHER STATUTORY INFORMATION (continued)

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

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company 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 substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 28 February 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), will retire at the forthcoming Annual General Meeting.

The auditors' remuneration is disclosed in Note 13 to the financial statements.

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

Dato' Abdullah bin Mohd Yusof

Kenji Fujita

Kuala Lumpur

Date: 9 May 2017

STATEMENT OF FINANCIAL POSITION

as at 28 February 2017

ÆON CREDIT SERVICE
Annual Report 2017

	Note	2017 RM'000	2016 RM'000
Assets			
Plant and equipment	3	62,233	52,076
Investments	4	19,045	24,239
Deferred tax assets	5	49,070	39,043
Receivables	6	4,480,990	3,630,038
Total non-current assets		4,611,338	3,745,396
Receivables and deposits	6	1,985,937	1,790,244
Prepayments		21,150	16,393
Derivative financial assets	7	579,977	478,224
Cash and bank balances	8	73,667	67,250
Total current assets		2,660,731	2,352,111
Total assets		7,272,069	6,097,507
Equity			
Share capital		116,012	72,000
Share premium		-	44,012
Reserves		838,975	668,806
Equity attributable to ordinary equity holders of the Company		954,987	784,818
Perpetual notes and sukuk		276,000	276,000
Total equity	9	1,230,987	1,060,818
Liabilities			
Borrowings	10	4,898,808	4,214,649
Total non-current liability		4,898,808	4,214,649
Borrowings	10	973,417	693,528
Payables and accruals	11	141,575	113,584
Taxation		27,282	14,928
Total current liabilities		1,142,274	822,040
Total liabilities		6,041,082	5,036,689
Total equity and liabilities		7,272,069	6,097,507

The notes on pages 77 to 115 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2017

	Note	2017 RM'000	2016 RM'000
Revenue	12	1,101,955	965,234
Staff costs		(183,167)	(158,182)
Depreciation of plant and equipment	3	(22,887)	(19,499)
Operating expenses		(464,929)	(412,706)
Other income		120,237	89,974
Operating profit	13	551,209	464,821
Finance costs	15	(200,047)	(163,230)
Profit before tax		351,162	301,591
Income tax expense	16	(86,135)	(73,369)
Profit for the year		265,027	228,222
Other comprehensive income, net of tax			
Cash flow hedge	17	5,367	(23,877)
Total other comprehensive income for the year, net of tax		5,367	(23,877)
Total comprehensive income for the year		270,394	204,345
Profit attributable to equity holders of the Company		265,027	228,222
Total comprehensive income attributable to equity holders of the Company		270,394	204,345
Basic earnings per ordinary share (sen)	19	174.55	149.02

The notes on pages 77 to 115 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2017

AEON CREDIT SERVICE
Annual Report 2017

		/-----Non-distributable-----/			Distributable		
	Note	Share capital RM'000	Share premium RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Retained earning RM'000	Total RM'000
At 1 March 2015		72,000	44,012	276,000	(8,844)	572,544	955,712
Cash flow hedge (net of tax)		-	-	-	(23,877)	-	(23,877)
Profit for the year		-	-	-	-	228,222	228,222
Total comprehensive income for the year		-	-	-	(23,877)	228,222	204,345
Distribution on perpetual notes (net of tax)		-	-	-	-	(13,631)	(13,631)
Dividends to shareholders of the Company	18	-	-	-	-	(85,608)	(85,608)
At 29 February 2016/1 March 2016		72,000	44,012	276,000	(32,721)	701,527	1,060,818
Cash flow hedge (net of tax)		-	-	-	5,367	-	5,367
Profit for the year		-	-	-	-	265,027	265,027
Total comprehensive income for the year		-	-	-	5,367	265,027	270,394
Distribution on perpetual notes (net of tax)		-	-	-	-	(13,681)	(13,681)
Dividends to shareholders of the Company	18	-	-	-	-	(86,544)	(86,544)
		72,000	44,012	276,000	(27,354)	866,329	1,230,987
Transfer pursuant to Section 618(2) of the Companies Act 2016		44,012	(44,012)	-	-	-	-
At 28 February 2017		116,012	-	276,000	(27,354)	866,329	1,230,987
		Note 9.1	Note 9.2	Note 9.3	Note 9.4		

The notes on pages 77 to 115 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

	Note	2017 RM'000	2016 RM'000
Cash flows from operating activities			
Profit before tax		351,162	301,591
<i>Adjustments for:</i>			
Depreciation of plant and equipment	3	22,887	19,499
Finance costs		200,047	163,230
Gain on disposal of plant and equipment		(6)	(537)
Impairment loss on receivables		306,163	288,420
Impairment loss on investment on unquoted shares		5,194	-
Write-off of plant and equipment	3	-	6
Operating profit before working capital changes		885,447	772,209
Changes in working capital:			
Receivables, deposits and prepayments		(1,357,563)	(1,151,867)
Payables and accruals		23,520	(11,968)
Derivative financial assets		-	(49,800)
Cash held on behalf of a related company		(920)	(3,305)
Cash used in operations		(449,516)	(444,731)
Finance costs paid		(195,577)	(156,288)
Income taxes paid		(81,183)	(88,312)
Net cash used in operating activities		(726,276)	(689,331)
Cash flows from investing activities			
Acquisition of plant and equipment	3	(33,044)	(26,710)
Subscription of equity shares		-	(5,684)
Proceeds from disposal of plant and equipment		6	900
Net cash used in investing activities		(33,038)	(31,494)
Cash flows from financing activities			
Dividends paid to shareholders of the Company	18	(86,544)	(85,608)
Proceeds from bank borrowings		1,460,000	1,866,129
Repayment of bank borrowings		(580,700)	(976,656)
Repayment of asset backed medium term notes		-	(25,000)
Distribution paid to perpetual notes holders		(18,002)	(17,935)
Payment of perpetual notes issuance expenses		-	(100)
Net cash generated from financing activities		774,754	760,830
Net increase in cash and cash equivalents		15,440	40,005
Cash and cash equivalents at beginning of year		8,236	(31,769)
Cash and cash equivalents at end of year	(i)	23,676	8,236

NOTE TO STATEMENT OF CASH FLOWS

(i) *Cash and cash equivalents*

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

	Note	2017 RM'000	2016 RM'000
Cash and bank balances		60,287	53,427
Deposits placed with licensed banks		13,380	13,823
	8	73,667	67,250
Bank overdrafts	10	(40,083)	(50,026)
Cash held on behalf for a related company	8	(9,908)	(8,988)
		23,676	8,236

The notes on pages 77 to 115 are an integral part of these financial statements.

AEON Credit Service (M) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Level 29, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur

Registered office

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit 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 immediate and ultimate holding corporations are AEON Financial Service Co., Ltd. and AEON Co., Ltd. respectively. Both corporations were incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors on 9 May 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 March 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, except for Amendments to MFRS 12 which is not applicable to the Company.
- from the annual period beginning on 1 March 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and Amendments to MFRS 140 which are not applicable to the Company.
- from the annual period beginning on 1 March 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company will assess the financial impact that may arise from the adoption of MFRS 16.

1. BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than determination of the allowance for impairment losses as disclosed in Note 2(f)(i).

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the years presented in these financial statements, unless otherwise stated.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting year are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Loans and receivables*

Loans and receivables category comprises financing receivables, other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(f)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised 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.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in 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 expires. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated 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.

The gain and loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" or "operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is 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 are 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative years are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(d) Leased assets

Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Leased assets (continued)

Operating lease (continued)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(f) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

(a) *Financing receivables*

For financing receivables ("loan(s)"), the Company first assesses whether objective evidence of impairment exists individually for loans that are individually significant, or collectively for loans that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan, the loan is then included in a group of loans with similar credit risk characteristics and collectively assessed for impairment.

Loan impairment is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate ("EIR") of loans. The carrying amount of the loans is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

The Company addresses impairment of loans via either individually assessed allowance or collectively assessed allowance.

Individually assessed allowance

The Company determines the allowance appropriate for each individual significant loan on an individual basis. The allowances are established based primarily on estimates of the realisable value of the collateral pledged to secure the loan and is measured as the difference between the carrying amount of the loan and the present value of the expected future cash flows discounted at original EIR of the loan.

All loans that have been individually evaluated, but not considered to be individually impaired are assessed collectively for impairment.

Collectively assessed allowance

Collective allowances are maintained to reduce the carrying amount of portfolios of similar loans to their estimated recoverable amounts at the end of reporting year. For the purposes of a collective evaluation of impairment, exposures that are assessed collectively are placed into pools of similar loans with similar credit risk.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment (continued)

(i) Financial assets (continued)

(b) *Renegotiated/restructured loans*

Where a loan shows evidence of credit weaknesses, the Company may seek to renegotiate the loan rather than to take possession of collateral. This may involve an extension or restructuring of the payment arrangements via renegotiation of new loan terms and conditions. These loans continue to be subject to individual or collective impairment assessment.

(c) *Investments*

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument carried at cost shall not be reversed.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared. 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 notes

Perpetual notes are classified as equity. Distributions on perpetual notes are recognised in equity in the year in which they are declared. 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) Perpetual sukuk

Perpetual sukuk are classified as equity. Distributions on perpetual sukuk are recognised in equity in the year in which they are declared. 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.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Revenue recognition

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

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

EIR is a method of calculating the amortised cost of financing receivables ("receivable(s)") 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 receivable or, when appropriate, a shorter year to the net carrying amount of the receivable.

(ii) Fee income from easy payment, personal financing schemes based on Islamic principles and credit card business.

Fee income from easy payment 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 is generally recognised on an accrual basis when services have been provided.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(k) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the year in which they are incurred.

Cost of issuance of commercial papers/medium term notes are deferred and capitalised as part of the fair value of the commercial papers/medium term notes. The cost of issuance is amortised to profit or loss so as to give a constant periodic interest rate on the outstanding commercial papers/medium term notes at the end of each reporting year.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(n) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(o) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PLANT AND EQUIPMENT

	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 March 2015	9,890	115,082	2,839	5,065	24,614	1,395	158,885
Additions	385	17,199	624	125	731	7,646	26,710
Disposals	-	(5,643)	-	(225)	-	-	(5,868)
Write-off	(186)	(1,710)	-	(18)	(85)	-	(1,999)
Reclassification	136	1,774	-	-	4,009	(5,919)	-
At 29 February 2016/ 1 March 2016	10,225	126,702	3,463	4,947	29,269	3,122	177,728
Additions	1,266	18,434	-	267	1,666	11,411	33,044
Disposals	(78)	(952)	-	-	-	-	(1,030)
Write-off	(31)	(96)	-	(8)	(45)	-	(180)
Reclassification	42	8,495	-	23	3,010	(11,570)	-
At 28 February 2017	11,424	152,583	3,463	5,229	33,900	2,963	209,562
Accumulated depreciation							
At 1 March 2015	8,401	82,977	903	4,824	16,546	-	113,651
Charge for the year	747	14,234	667	168	3,683	-	19,499
Disposals	-	(5,283)	-	(220)	(2)	-	(5,505)
Write-off	(184)	(1,709)	-	(20)	(80)	-	(1,993)
At 29 February 2016/ 1 March 2016	8,964	90,219	1,570	4,752	20,147	-	125,652
Charge for the year	744	17,111	691	174	4,167	-	22,887
Disposals	(78)	(952)	-	-	-	-	(1,030)
Write-off	(31)	(96)	-	(8)	(45)	-	(180)
At 28 February 2017	9,599	106,282	2,261	4,918	24,269	-	147,329
Carrying amounts							
At 1 March 2015	1,489	32,105	1,936	241	8,068	1,395	45,234
At 29 February 2016/ 1 March 2016	1,261	36,483	1,893	195	9,122	3,122	52,076
At 28 February 2017	1,825	46,301	1,202	311	9,631	2,963	62,233

4. INVESTMENTS

	Note	2017 RM'000	2016 RM'000
At cost			
Unquoted shares		24,239	24,239
Less: Impairment loss	4.2	(5,194)	-
		19,045	24,239

4.1 The details of the unquoted shares are as follows:

Name of Company	Country of Incorporation	Principal activities	Interest in equity	
			2017 %	2016 %
AEON Credit Service (Philippines) Inc	Philippines	Provision of financial services	10	10
AEON Credit Service India Private Limited ("ACSI")	India	Provision of non-banking financial services	20	20
AEON Credit Service Systems (Philippines) Inc.	Philippines	Provision of information technology services	3	10

The Directors have determined that the above investments should be designated as "other investment" as the Company does not have influence over its activities and distribution policy.

4.2 During the financial year, due to ACSI's loss making position, the Company assessed the recoverable amount of the investment using discounting cash flow method to calculate the cash flows projection based on its 5-year approved financial budget and a pre-tax discount rate of 9.21% per annum.

Based on the assessment, the aggregate carrying amount of the investment exceeded the aggregate recoverable amount by RM5,194,000 and the impairment loss was recognised in operating expenses.

5. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are attributable to the following:

	2017 RM'000	2016 RM'000
Plant and equipment	(4,040)	(4,727)
Hedging reserves	8,630	10,325
Impairment loss on receivables	11,956	9,861
Recognition of interest income / profit revenue	25,707	19,416
Provision for bonus and others	6,817	4,168
Net tax assets	49,070	39,043

5. DEFERRED TAX ASSETS (continued)

Movement in temporary differences during the year

	At 28 February 2015 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in other comprehensive income (Note 17) RM'000	At 29 February 2016 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in other comprehensive income (Note 17) RM'000	At 28 February 2017 RM'000
Plant and equipment	(7,278)	2,551	-	(4,727)	687	-	(4,040)
Hedging reserves	2,940	-	7,385	10,325	-	(1,695)	8,630
Impairment loss on receivables	10,821	(960)	-	9,861	2,095	-	11,956
Recognition of interest income/ profit revenue	15,069	4,347	-	19,416	6,291	-	25,707
Provision for bonus and others	3,141	1,027	-	4,168	2,649	-	6,817
	24,693	6,965	7,385	39,043	11,722	(1,695)	49,070

6. RECEIVABLES AND DEPOSITS

	Note	2017 RM'000	2016 RM'000
Non-current			
Trade			
Financing receivables		4,480,990	3,630,038
Current			
Trade			
Total financing receivables		8,950,745	7,452,737
Less: Unearned carrying charges		(2,359,848)	(1,909,900)
Impairment loss on receivables	6.1	(152,194)	(137,921)
	6.2	6,438,703	5,404,916
Less: Financing receivables (Non-current)		(4,480,990)	(3,630,038)
Financing receivables (Current)		1,957,713	1,774,878
Non-trade			
Other receivables and deposits		26,710	10,438
Amount due from related companies and corporations	6.3	1,514	4,928
		28,224	15,366
		1,985,937	1,790,244

6. RECEIVABLES AND DEPOSITS (continued)

- 6.1** During the year, financing receivables amounting to RM291,890,000 (2016: RM285,797,000) was written off against the allowance for impairment losses.
- 6.2** Included in financing receivables are:
- i) an amount of RM5,444,395,000 (2016: RM4,419,672,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles.
 - ii) an amount of RM2,254,000 (2016: RM2,291,000) due from a related company which is subject to normal trade terms.
- 6.3** The amount due from related companies and corporations are non-trade in nature, unsecured, interest free and repayable on demand.

7. DERIVATIVE FINANCIAL ASSETS

	2017		2016	
	Nominal value RM'000	Assets RM'000	Nominal value RM'000	Assets RM'000
Derivative used for hedging				
- Forward exchange contracts	-	-	50,700	(482)
- Cross currency swaps	2,646,173	579,977	2,326,173	478,706
	2,646,173	579,977	2,376,873	478,224

Forward exchange contracts and cross currency swaps are used to manage the foreign currency and interest rate exposures arising from the borrowings denominated in foreign currency. Forward contracts have maturities of less than one year after the end of the reporting year and most of the cross currency swaps have maturities of more than one year after the end of the reporting year.

8. CASH AND BANK BALANCES

	2017 RM'000	2016 RM'000
Cash and bank balances	60,287	53,427
Deposits placed with licensed banks	13,380	13,823
	73,667	67,250

Deposits placed with licensed banks include RM9,908,000 (2016: RM8,988,000) held on behalf of a related company.

9. CAPITAL AND RESERVES

9.1 Share capital

	Amount 2017 RM'000	Number of shares 2017 '000	Amount 2016 RM'000	Number of shares 2016 '000
Issued and fully paid:				
As at 1 March	72,000	144,000	72,000	144,000
Transfer pursuant to Section 618(2) of the Companies Act 2016*	44,012	-	-	-
As at 28 / 29 February	116,012	144,000	72,000	144,000

* The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

9.2 Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value. Pursuant to Section 618(2) of the Act, the sum of RM44,012,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital.

9.3 Perpetual notes and sukuk

	Note	2017 RM'000	2016 RM'000
Perpetual notes	a	146,000	146,000
Perpetual sukuk	b	130,000	130,000
At 28 / 29 February		276,000	276,000

(a) Perpetual notes

On 11 April 2014 and 21 April 2014, the Company issued perpetual notes amounting to RM146,000,000 in total. The salient features of the perpetual notes issued are as follows:

- (i) The distribution rate for the year for five (5) years from issuance date is 6.5% (2016: 6.5%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual 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 of the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual notes earlier upon the occurrence of defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the perpetual notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual notes do not have any voting rights in the Company; and
- (viii) The perpetual notes rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

9. CAPITAL AND RESERVES (continued)

9.3 Perpetual notes and sukuk (continued)

(b) Perpetual sukuk

On 30 December 2014, the Company issued perpetual sukuk at par amounting to RM105,000,000. Subsequently on 16 February 2015, the Company further issued perpetual sukuk amounting to RM25,000,000.

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

- (i) The distribution rate for the year for five (5) years from issuance date is 6.5% (2016: 6.5%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual sukuk are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual sukuk on the date of the fifth anniversary of the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual sukuk earlier upon the occurrence of defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the perpetual sukuk by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual sukuk do not have any voting rights in the Company; and
- (viii) The perpetual sukuk rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

9.4 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

10. BORROWINGS

	Note	2017 RM'000	2016 RM'000
Non-current			
Term loans/financing (unsecured)	10.1	4,898,808	4,014,649
Medium term notes (unsecured)	10.2	-	200,000
		4,898,808	4,214,649
Current			
Bank overdrafts (unsecured)	10.1	40,083	50,026
Revolving credits (unsecured)	10.1	260,000	200,634
Term loans/financing (unsecured)	10.1	473,334	442,868
Medium term notes (unsecured)	10.2	200,000	-
		973,417	693,528
		5,872,225	4,908,177

10. BORROWINGS (continued)

10.1 Bank overdraft, revolving credits and term loans/financing

The bank overdrafts, revolving credits and term loans/financing are provided on the basis of a letter of awareness from the immediate holding corporation, standby letters of credit from various financial institutions or on clean basis.

The bank overdrafts are denominated in Ringgit Malaysia whilst the revolving credits and term loans/financing are denominated in the following currencies:

	2017 RM'000	2016 RM'000
Revolving credits		
Ringgit Malaysia	260,000	150,000
U.S. Dollar	-	50,634
	260,000	200,634
Term loans/financing		
Ringgit Malaysia	2,110,000	1,609,999
U.S. Dollar	3,262,142	2,847,518
	5,372,142	4,457,517

The long term loans/financing are granted for years ranging from two to six years and repayable by way of bullet payment upon expiry of the term loan/financing year.

10.2 Medium term notes ("MTN")

	2017 RM'000	2016 RM'000
Medium term notes – Single Investor MTN		
Nominal value	200,000	200,000

The above represents RM200,000,000 (2016: RM200,000,000) Single Investor MTN.

The redemption year for MTN at its nominal value is as follows:

	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2017				
Single Investor MTN	200,000	200,000	-	-
2016				
Single Investor MTN	200,000	-	200,000	-

11. PAYABLES AND ACCRUALS

	Note	2017 RM'000	2016 RM'000
Trade			
Trade payables		29,825	31,560
Amount due to related companies	11.1	54	551
		29,879	32,111
Non-trade			
Other payables and accruals		104,750	76,586
Amount due to immediate holding corporation	11.2	5,006	4,275
Amount due to related companies and corporations	11.2	1,940	612
		111,696	81,473
		141,575	113,584

11.1 Related companies

The amounts due to related companies are subject to normal trade terms.

11.2 Immediate holding corporation, related companies and corporations

The amounts due to immediate holding corporation, related companies and corporations are unsecured, interest free and repayable on demand.

12. REVENUE

	2017 RM'000	2016 RM'000
Revenue from easy payment, personal financing based on Islamic principles and credit card business:		
Interest income, profit revenue and finance charges	964,437	835,802
Fee income	137,518	129,432
	1,101,955	965,234

13. OPERATING PROFIT

	2017 RM'000	2016 RM'000
Operating profit is arrived at after crediting:		
Bad debts recovered	105,382	70,354
Gain on disposal of plant and equipment	6	537
and after charging:		
Auditors' remuneration:		
- Audit fees		
KPMG Malaysia	193	175
- Non-audit fees		
KPMG Malaysia	136	208
Depreciation on plant and equipment	22,887	19,499
Write-off of plant and equipment	-	6
Impairment loss on:		
- Financing receivables	306,163	288,420
- Investment in unquoted shares	5,194	-
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	18,181	15,231
- Wages, salaries and others	164,986	142,951
Rental expense in respect of:		
- Office premises	16,703	15,145
- Motor vehicles	4	10
- Office equipment	797	474

14. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2017 RM'000	2016 RM'000
Directors:		
- Fees	804	519
- Remuneration	2,808	2,441
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	251	377
	3,863	3,337

15. FINANCE COSTS

	2017 RM'000	2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Bank overdrafts	846	1,220
- Revolving credits	5,964	9,113
- Term loans/financing and medium term notes	193,237	152,712
- Asset backed medium term notes	-	185
	200,047	163,230

16. INCOME TAX EXPENSE

Recognised in profit or loss

	2017 RM'000	2016 RM'000
Current tax expense		
- Current year	97,465	79,960
- Under provision in prior year	392	374
Total current tax recognised in profit or loss	97,857	80,334
Deferred tax expense		
- Origination and reversal of temporary differences	(11,722)	(6,965)
Total deferred tax recognised in profit or loss	(11,722)	(6,965)
Total income tax expense	86,135	73,369

Reconciliation of effective tax expense

Profit before tax	351,162	301,591
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	84,279	72,382
Tax effect of non-deductible expenses	3,442	613
	87,721	72,995
Under provision in prior year – current tax	392	374
Under provision in prior year – deferred tax	1,842	-
Effect of reduction in tax rate*	(3,820)	-
	86,135	73,369

Deferred tax recognised directly in other comprehensive income:

Cash flow hedge reserves (Note 17)	1,695	(7,385)
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* On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate based on the percentage of increase in chargeable income.

17. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax effect RM'000	Net of tax RM'000
2017			
Cash flow hedge			
- Gain arising during the year	7,062	(1,695)	5,367
2016			
Cash flow hedge			
- Loss arising during the year	(31,262)	7,385	(23,877)

18. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2017			
Interim 2017 ordinary	30.50	43,920	7 November 2016
Final 2016 ordinary	29.60	42,624	15 July 2016
		86,544	
2016			
Interim 2016 ordinary	29.85	42,984	4 November 2015
Final 2015 ordinary	29.60	42,624	15 July 2015
		85,608	

After the financial year end, the following dividend was proposed by the Directors.

	Sen per share	Total amount RM'000
Final 2017 ordinary	32.50	46,800

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

19. 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 perpetual sukuk by the weighted average number of ordinary shares outstanding during the year.

	2017 RM'000	2016 RM'000
Net profit attributable to equity holders	265,027	228,222
Distribution to the holders of perpetual notes and perpetual sukuk, net of tax	(13,681)	(13,631)
Net profit attributable to ordinary equity holders	251,346	214,591
	2017 '000	2016 '000
Net profit attributable to ordinary equity holders (RM)	251,346	214,591
Weighted average number of ordinary shares (unit)	144,000	144,000
Basic earnings per share (sen)	174.55	149.02

There were no outstanding potential ordinary shares as at 28 February 2017 and 29 February 2016 respectively, accordingly, the diluted earnings per share is not presented.

20. OPERATING SEGMENTS

The principal activity of the Company is the provision of easy payment schemes, personal financing schemes based on Islamic principles and credit cards business, all of which are categorised under consumer financing business.

On this basis, the Managing Director ("MD") reviews the business performance of the Company as a whole. Further analysis will be provided or furnished upon request from the MD.

Accordingly, the segmental reporting used is equivalent to the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

21. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel comprise all the Directors of the Company. The key management personnel compensation is disclosed in Note 14.

Related party transactions have been entered into in the normal course of business under normal trade terms. Balances with immediate holding corporation, related companies and corporations are disclosed in Note 6 and Note 11. The significant related party transactions of the Company are shown below:

	2017 RM'000	2016 RM'000
Related companies		
AEON CO. (M) BHD.		
Customers' transactions via related company*		
Sales through Easy Payment Schemes	5,743	5,990
Sales through AEON Credit Cards	55,877	102,518
Revenue		
Credit cards commission income	848	1,491
Expenses		
Convertible AEON-Card points purchased	(2,386)	(2,168)
Office and promotion space rental	(3,950)	(4,011)
AEON Big (M) Sdn. Bhd.		
Customers' transactions via related company*		
Sales through Easy Payment Schemes	2,457	2,601
Sales through AEON Credit Cards	2,022	1,288
Revenue		
Loyalty programme processing fee	4,226	5,516
Credit cards commission income	72	45
Expenses		
Office and promotion space rental	(2,791)	(2,095)

21. RELATED PARTIES (continued)

	2017 RM'000	2016 RM'000
Related companies (continued)		
AEON Credit Service Systems (Philippines) Inc.		
Assets		
IT systems development cost	(7,701)	(4,087)
AEON Delight (Malaysia) Sdn. Bhd.		
Provision of financing		
Instalment scheme for purchase of equipment	779	-
Revenue		
Interest income from Easy Payment Schemes	151	184
Expenses		
Cleaning services	(569)	(544)
Immediate holding corporation		
AEON Financial Service Co., Ltd.		
Expenses		
Corporate support fees	(10,193)	(8,577)

* In the capacity as merchant of the Company.

22. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2017 RM'000	2016 RM'000
Less than one year	13,368	9,372
Between one and five years	7,582	11,731

The Company leases a number of service centres and office premises under operating leases.

23. CAPITAL COMMITMENT

	2017 RM'000	2016 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	1,069	2,419

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS");
- (c) Financial liabilities measured at amortised cost ("FL"); and
- (d) Derivatives used for hedging.

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Derivatives used for hedging RM'000
2017				
Financial assets				
Investments	19,045	-	19,045	-
Financing receivables and other receivables	6,466,927	6,466,927	-	-
Cash and bank balances	73,667	73,667	-	-
Derivative financial assets	579,977	-	-	579,977
	7,139,616	6,540,594	19,045	579,977
Financial liabilities				
Borrowings	(5,872,225)	(5,872,225)	-	-
Trade and other payables	(141,575)	(141,575)	-	-
	(6,013,800)	(6,013,800)	-	-
2016				
Financial assets				
Investments	24,239	-	24,239	-
Financing receivables and other receivables	5,420,282	5,420,282	-	-
Cash and bank balances	67,250	67,250	-	-
Derivative financial assets	478,224	-	-	478,224
	5,989,995	5,487,532	24,239	478,224
Financial liabilities				
Borrowings	(4,908,177)	(4,908,177)	-	-
Trade and other payables	(113,584)	(113,584)	-	-
	(5,021,761)	(5,021,761)	-	-

24.2 Net gains and losses arising from financial instruments

	2017 RM'000	2016 RM'000
Net gains/(losses) on:		
Loans and receivables	901,174	747,168
Financial liabilities measured at amortised cost	(200,047)	(163,230)
	701,127	583,938

24. FINANCIAL INSTRUMENTS (continued)

24.3 Financial risk management

(a) Financial risk management objectives and policies

Risk management forms an integral part of the Company's activities and remains an important feature in all its business, operations, delivery channels and decision making processes. The extent to which the Company is able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Company's risk management function is independent of its operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to review by the Risk Management Committee ("RMC") prior to Management or Board approval.

The objectives of the Company's risk management activities are to:

- (i) Identify and monitor the various risk exposure and risk requirements;
- (ii) 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 of Directors; and
- (iii) Help to create shareholder value through proper allocation and management of risk, and facilitate the risk assessment of new business and products independently.

(b) Risk management framework

The Company employs an Enterprise-wide Risk Management Framework ("ERMF") to manage its risks effectively. The framework involves on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Company through the RMC. This framework provides the Board of Directors 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.

(c) Risk organisation and reporting

The responsibility of risk management lies with the Board of Directors, which comprises executive and non-executive directors of the Company. In line with best practices, the Board of Directors determines the risk policy objectives for the Company, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the RMC which undertakes the oversight function for overall risk limit and ensures that the Company is within the risk appetite as established by the Board. The RMC also deliberates the implementation of the enterprise-wide risk management framework which addresses credit, market, operational and strategic risks within the policies established by the Board of Directors and recommending policy changes to the Board of Directors.

Quarterly reporting is made to Audit Committee and the Board by RMC on risk exposures, impact and mitigation measures, covering all areas of risk faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk

Credit risk is the risk of a financial loss to the Company due to the deterioration in credit worthiness of its borrowers and consequently their ability to discharge their contractual obligations to the Company. Credit risk remains the most significant risk to which the Company is exposed. The purpose of credit risk management is to keep credit risk exposure to an acceptable level in line with the Company's risk appetite and to ensure that the returns are commensurate to the risk underwritten.

The Company's exposure to credit risk arises principally from its financing receivables from customers and investment securities.

Receivables

(i) *Risk management objectives, policies and processes for managing the risk*

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit and the credit acceptance procedures are monitored by the management. Collateral is required for the business of financing vehicles. The Company does not require collateral in respect of the easy payment schemes, personal financing schemes and credit cards issuance business.

The Company has taken reasonable steps to ensure that receivables from customers that are neither past due nor impaired are stated at its realisable values.

The Company conducts regular monitoring on credit exposure trend, asset quality by impaired loans, portfolio concentration analysis.

(ii) *Exposure to credit risk, credit quality and collateral*

At end of the reporting year, the Company does not have any significant exposure to any individual customers or industry sector. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Financing receivables amounting to RM3,793,477,000 (2016: RM3,215,848,000) are secured by vehicles of customers financed by the Company.

(iii) *Credit risk reporting and monitoring*

The Company's credit portfolios are monitored through monthly and/or adhoc reporting to ensure credit deterioration is promptly detected and mitigated through implementation of risk remediation strategies. Credit Policy and Review Department ("CPRD") undertakes regular and comprehensive analysis of credit portfolios and reports to the RMC on emerging credit issues.

(iv) *Credit risk mitigation*

All credit facilities are granted on the credit standing of the borrower, source of repayment, debt servicing ability and the collateral pledged. Personal guarantees are obtained when the borrower's credit worthiness is insufficient to justify granting facilities.

(v) *Concentration risk*

Concentration of credit risk arises when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company monitors various portfolios, to identify and assess risk concentrations. The credit portfolios are monitored and reviewed to identify, assess and guard against unacceptable risk concentrations.

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk (continued)

Credit quality and allowance for impairment losses

The ageing of receivables as at the end of the reporting year was:

	Gross RM'000	Collective impairment losses RM'000	Net RM'000
28.2.2017			
Not past due	5,886,483	(8,868)	5,877,615
Past due 1 month	400,954	(13,793)	387,161
Past due 2 to 3 months	152,938	(27,157)	125,781
Past due more than 3 months	150,522	(102,376)	48,146
	704,414	(143,326)	561,088
	6,590,897	(152,194)	6,438,703
Note 24.4(a)			
29.2.2016			
Not past due	4,964,552	(6,061)	4,958,491
Past due 1 month	329,450	(12,715)	316,735
Past due 2 to 3 months	112,012	(22,317)	89,695
Past due more than 3 months	136,823	(96,828)	39,995
	578,285	(131,860)	446,425
	5,542,837	(137,921)	5,404,916
Note 24.4(a)			

(a) The movements in the allowance for impairment losses of receivables during the financial year were:

	2017 RM'000	2016 RM'000
At 1 March	137,921	135,298
Impairment loss recognised	306,163	288,420
Impairment loss written off	(291,890)	(285,797)
At 28 February / 29 February	152,194	137,921

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk (continued)

- (b) Included in net financing receivables is an amount of RM151,249,000 (2016: RM135,704,000) which are under renegotiated/restructured activities.

Renegotiated/restructured activities include extended payment arrangements, and the modification and deferral of payments. The Company have impaired RM39,955,000 (2016: RM32,193,000) of the renegotiated/restructured financing receivables. The status of renegotiated/restructured receivables are as follows:

	2017 RM'000	2016 RM'000
Not past due	95,263	91,422
Past due 1 month	29,056	24,552
Past due 2 to 3 months	18,160	12,250
Past due more than 3 months	8,770	7,480
	151,249	135,704

Investments

Risk management objectives, policies and processes for managing the risk

Investments are made after due evaluation by the Board of Directors of the Company.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting year, the Company has only invested in securities of its foreign affiliated companies. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Impairment losses

An impairment loss in respect of investment in unquoted shares of RM5,194,000 (2016: RM Nil) was recognised by the Company during the financial year due to ACSI's loss making position and reassessment of its recoverable amount by the Company.

The movements in the allowance for impairment loss during the financial year were:

	2017 RM'000	2016 RM'000
At 1 March	-	-
Impairment loss recognised	5,194	-
At 28 / 29 February	5,194	-

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk (continued)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to related companies and corporations and it monitors the repayment of the related companies and corporations regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting year, there was no indication that the advances to the related companies and corporations are not recoverable.

24.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Company's liquidity risk management practice is to maintain high quality and well diversified portfolios of liquid assets and source of funds under both normal business and stressed conditions. The Company maintains optimum ratio of long term funding, i.e. debts maturing after 12 months from the reporting date against total debts. This ratio significantly match the ratio of long term financing receivables determined based on customers' contracted terms of repayment and payment pattern for revolving credit limits granted.

The Treasury unit reviews the asset and liability maturity profile and identifies any maturity mismatch for escalation to the RMC which is responsible for the independent monitoring of the Company's liquidity risk profile. The RMC meets every month to discuss the liquidity risk and funding profile of the Company, and works closely with the Treasury unit on the surveillance of market conditions and stress testing analysis on liquidity positions.

24. FINANCIAL INSTRUMENTS (continued)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Company's financial assets and financial liabilities as at the end of the reporting year based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual profit/interest/ coupon rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2017							
Financial assets							
Cash and bank balances	60,287	-	60,287	60,287	-	-	-
Deposits placed with licensed banks	13,380	2.70% - 3.20%	13,380	13,380	-	-	-
Financing receivables	6,438,703	21.20%*	8,716,286	2,877,534	1,903,897	3,094,203	840,652
Other receivables and deposits	28,224	-	28,224	28,224	-	-	-
Investments	19,045	-	19,045	19,045	-	-	-
	6,559,639		8,837,222	2,998,470	1,903,897	3,094,203	840,652
Financial liabilities							
Bank overdraft	40,083	3.30%	40,087	40,087	-	-	-
Unsecured term loan/financing	5,372,142	3.85% - 4.51%	5,964,868	483,042	2,613,912	2,623,604	244,310
Unsecured medium term notes	200,000	4.00%	201,826	201,826	-	-	-
Unsecured revolving credits	260,000	3.65%	260,576	260,576	-	-	-
Trade and other payables	141,575	-	141,575	141,575	-	-	-
	6,013,800		6,608,932	1,127,106	2,613,912	2,623,604	244,310

Maturity analysis of derivatives financial liabilities is disclosed in Note 24.7.

* Note : This represents the average annual effective interest rate on financing receivables outstanding at the end of the reporting year.

24. FINANCIAL INSTRUMENTS (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual profit/interest/ coupon rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2016							
Financial assets							
Cash and bank balances	53,427	-	53,427	53,427	-	-	-
Deposits placed with licensed banks	13,823	3.00% - 3.45%	13,823	13,823	-	-	-
Financing receivables	5,404,916	21.97%*	7,304,700	2,579,327	1,529,432	2,455,753	740,188
Other receivables and deposits	15,366	-	15,366	15,366	-	-	-
Investments	24,239	-	24,239	24,239	-	-	-
	5,511,771		7,411,555	2,686,182	1,529,432	2,455,753	740,188
Financial liabilities							
Bank overdraft	50,026	3.65%	50,031	50,031	-	-	-
Unsecured term loan/financing	4,457,517	3.85% - 4.75%	4,997,676	455,574	486,508	4,055,594	-
Unsecured medium term notes	200,000	4.00%	209,826	-	209,826	-	-
Unsecured revolving credits	200,000	3.66% - 3.74%	200,978	200,978	-	-	-
Trade and other payables	113,584	-	113,584	113,584	-	-	-
	5,021,761		5,572,095	820,167	696,334	4,055,594	-

Maturity analysis of derivatives financial liabilities is disclosed in Note 24.7.

* Note : This represents the average annual effective interest rate on financing receivables outstanding at the end of the reporting year.

24.6 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, foreign exchange rates, equity pricing and other related macro economic factors that will eventually affect the Company's profitability, cash flows and capital preservation.

The Company's market risk management includes the monitoring of the fluctuations in net interest income 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 rate risk, the Company intends to maximise net interest income and net interest margin; and to minimise the significant volatility in relation to the Company's assets and liabilities.

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.1 Currency risk

The Company is exposed to foreign currency risk mainly on borrowings that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Japanese Yen (JPY).

Risk management objectives, policies and processes for managing the risk

The repayment of all borrowings in foreign currency is fully hedged by forward exchange contracts and/or cross currency interest rate swaps entered into by the Company upon initial drawdown of the borrowings. Most of the forward exchange contracts and cross currency interest rate swap contracts have maturities of 2 to 5 years after the end of the reporting year.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the currency of the Company) risk, based on carrying amounts at the end of the reporting year was:

	Note	Denominated in USD RM'000	JPY RM'000
2017			
Inter-company balances		-	(4,732)
Borrowings	(i)	(3,262,142)	-
Net exposure		(3,262,142)	(4,732)
2016			
Inter-company balances		-	(3,985)
Borrowings	(i)	(2,898,152)	-
Net exposure		(2,898,152)	(3,985)

(i) The Company's foreign currency risk exposure primarily relates to its USD bank borrowings and JPY denominated inter-company balances. The carrying amount of such bank borrowings and inter-company balances as at 2017 was RM3,262,142,000 and RM4,732,000 (2016: RM2,898,152,000 and RM3,985,000) respectively. To minimise the foreign currency risk and interest rate risk of bank borrowings, the Company has been using forward exchange contracts and/or cross currency interest rate swap contracts as hedging instruments.

Currency risk sensitivity analysis

No sensitivity analysis was presented for USD currency which is fully hedged.

A 10% strengthening or weakening of JPY at the end of the reporting year would have (decreased)/increased post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rate, remained constant and ignores any impact of forecasted inter-company transactions.

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

	Profit or loss			
	2017		2016	
	10% increase RM'000	10% decrease RM'000	10% increase RM'000	10% decrease RM'000
JPY	(360)	360	(303)	303

24.6.2 Interest rate risk

The Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities, short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company borrows for its operations at fixed and variable rates and monitors the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities. The Company also uses cross currency interest rate swap contracts to hedge its interest rate risk on bank borrowings as stated in Note 24.6.1(i). The management continuously seeks for alternative banking facilities, which provide competitive interest rates to finance its capital expenditure, financing and working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year was:

	2017 RM'000	2016 RM'000
Fixed rate instruments		
Financial liabilities	2,570,000	1,960,000
Floating rate instruments		
Financial liabilities	3,302,225	2,948,177

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting year would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	2017	2017	2016	2016
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
Floating rate instruments	(25,097)	25,097	(22,406)	22,406

24.7 Hedging activities

Cash flow hedge

The Company has entered into forward exchange contract and cross currency interest rate swaps to hedge the cash flow risk in relation to the foreign currency denominated borrowings of RM2,646,173,000 (2016: RM2,376,872,000). The forward exchange contracts and cross currency interest rate swaps have the same nominal value of RM2,646,173,000 (2016: RM2,376,872,000) and are to be settled in full upon maturity.

The following table indicates the years in which the cash flows associated with the derivative financial assets with carrying amount of RM579,977,000 (2016: derivative financial assets with carrying amount of RM478,224,000) that are expected to occur and affect profit or loss:

	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2017				
Forward exchange contract and cross currency interest rate swaps (gross settled):				
Outflow	(2,947,228)	(313,823)	(1,352,659)	(1,280,746)
Inflow	2,767,557	250,402	1,301,396	1,215,759
	(179,671)	(63,421)	(51,263)	(64,987)
2016				
Forward exchange contract and cross currency interest rate swaps (gross settled):				
Outflow	(2,669,245)	(325,232)	(292,236)	(2,051,777)
Inflow	2,467,872	261,171	233,005	1,973,696
	(201,373)	(64,061)	(59,231)	(78,081)

During the financial year, a gain of RM5,367,000 (2016: loss of RM23,877,000) was recognised in other comprehensive income.

24. FINANCIAL INSTRUMENTS (continued)

24.8 Fair value of financial instruments

Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting year.

Quoted and observable market prices, where available, are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the corresponding fair value estimates.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of MFRS 132, *Financial Instruments: Presentation*, which requires the fair value information to be disclosed.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2017										
Financial assets										
Financing receivables										
- current	-	-	-	-	-	-	1,957,713	1,957,713	1,957,713	1,957,713
- non-current	-	-	-	-	-	-	4,621,077	4,621,077	4,621,077	4,480,990
Other receivables and deposits	-	-	-	-	-	-	28,224	28,224	28,224	28,224
Derivatives designated as hedging instruments	-	579,977	-	579,977	-	-	-	-	579,977	579,977
	-	579,977	-	579,977	-	-	6,607,014	6,607,014	7,186,991	7,046,904
Financial liabilities										
Term loans/ financing (unsecured)	-	-	-	-	-	-	4,849,942	4,849,942	4,849,942	4,898,808
	-	-	-	-	-	-	4,849,942	4,849,942	4,849,942	4,898,808

24. FINANCIAL INSTRUMENTS (continued)

24.8 Fair value of financial instruments (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2016										
Financial assets										
Financing receivables										
- current	-	-	-	-	-	-	1,774,878	1,774,878	1,774,878	1,774,878
- non-current	-	-	-	-	-	-	3,778,374	3,778,374	3,778,374	3,630,038
Other receivables and deposits	-	-	-	-	-	-	15,366	15,366	15,366	15,366
Derivatives designated as hedging instruments	-	478,224	-	478,224	-	-	-	-	478,224	478,224
	-	478,224	-	478,224	-	-	5,568,618	5,568,618	6,046,842	5,898,506
Financial liabilities										
Term loans/ financing (unsecured)	-	-	-	-	-	-	3,978,216	3,978,216	3,978,216	4,014,649
Medium term notes (unsecured)	-	-	-	-	-	-	199,945	199,945	199,945	200,000
	-	-	-	-	-	-	4,178,161	4,178,161	4,178,161	4,214,649

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

Financial assets

The carrying amounts of cash and cash equivalents and short term receivables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of derivatives designated as hedging instruments is based on broker quotes. Where such prices are not available, reference is based on discounted cash flow analysis using applicable yield curve for the duration of the instruments.

The fair value of financing receivables with remaining maturity of less than one year is estimated to approximate their carrying values. The fair value of financing receivables with maturities of more than one year have been determined by discounting the relevant cash flows using market rates at the end of reporting year.

For investments, it was not practicable to estimate the fair value due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Financial liabilities

The carrying amounts of short term payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

Fair value for long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting year.

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial year, the Company has complied with debt to equity ratio requirement of less than 5.25:1. The debt-to-equity ratio in year 2017 and 2016 were as follows:

	2017 RM'000	2016 RM'000
Total borrowings (Note 10)	5,872,225	4,908,177
Less: Cash and bank balances (Note 8)	(63,759)	(58,262)
Net debt	5,808,466	4,849,915
Total equity	1,230,987	1,060,818
Debt-to-equity ratio	4.72	4.57

There were no changes in the Company's approach to capital management during the financial year.

26. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFIT OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting year, into realised and unrealised profits or losses.

On 20 December 2010, the Malaysian Institute of Accountants further issued another directive on the disclosure and prescribed format of presentation.

The breakdown of retained earnings of the Company as at the end of reporting year, into realised and unrealised earnings, pursuant to the directive are as follows:

	2017 RM'000	2016 RM'000
Total retained earnings of the Company:		
- Realised	817,259	662,484
- Unrealised	49,070	39,043
Total retained earnings as per statement of changes in equity	866,329	701,527

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

AEON CREDIT SERVICE
Annual Report 2017

In the opinion of the Directors, the financial statements set out on pages 72 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 28 February 2017 and of its financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 26 on page 115 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Abdullah bin Mohd Yusof

Kenji Fujita

Kuala Lumpur

Date: 9 May 2017

STATUTORY DECLARATION

Section 251(1)(b) of the Companies Act 2016

I, Lee Kit Seong, the Director primarily responsible for the financial management of AEON Credit Service (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 115 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the abovenamed Lee Kit Seong, NRIC: 690827-10-5611, at Kuala Lumpur in the State of Wilayah Persekutuan on 9 May 2017.

Lee Kit Seong

Before me:

D. Selvaraj
No. W 320

Commissioner for Oaths
Kuala Lumpur

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AEON Credit Service (M) Berhad, which comprise the statement of financial position as at 28 February 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 28 February 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

The key audit matter	How the matter was addressed in our audit
<p>Impairment of financing receivables</p> <p>The carrying value of financing receivables held at amortised costs may be misstated because the assessment of impairment loss on financing receivables involve estimates and significant judgement by Directors.</p> <p>Refer to the significant accounting policy in Note 2 (b) and 2 (f), the disclosure of receivables in Note 6 and the disclosure of credit risk in Note 24.4.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ol style="list-style-type: none"> evaluated the design and implementation of the key controls over the lending process and tested the operating effectiveness of these controls; assessed the effectiveness of the process in place over credit assessment and credit management; assessed whether the Company's impairment provisioning policy on financing receivables is in accordance with MFRS 139, <i>Financial Instruments: Recognition and Measurement</i>; and checked the accuracy of ageing of financing receivables.
<p>Carrying value of investments in unquoted shares</p> <p>The valuation of the investments in unquoted shares is a key area of focus of our audit due to the complexity and significant judgement involved in the assessment of impairment on the investments in unquoted shares.</p> <p>Refer to the significant accounting policy in Note 2 (b) and 2 (f), and the disclosure of investments in Note 4.</p>	<p>Our audit procedures performed in this area included, amongst others:</p> <ol style="list-style-type: none"> assessed the operating results of respective investments for indications of impairment; evaluated the investee business plans with regards to the investments and assessed the cash flow projections by challenging the key assumption used; and challenged the Director's assessment and basis in arriving at the need for or adequacy of impairment made for the investments.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, 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 Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 26 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

Petaling Jaya

Date : 9 May 2017

Chan Kam Chiew

Approval Number: 2055/06/18(J)

Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

as at 30 April 2017

AEON CREDIT SERVICE
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Paid-up share capital : RM72,000,000
Class of shares : Ordinary Share
Voting rights : One vote per Ordinary Share
Number of shareholders : 3,246

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	470	14.48	21,554	0.01
100 - 1,000	980	30.19	621,294	0.43
1,001 - 10,000	1,320	40.67	4,494,377	3.12
10,001 - 100,000	378	11.65	11,941,235	8.30
100,001 - 7,199,999 (*)	97	2.98	40,953,540	28.44
7,200,000 and Above (**)	1	0.03	85,968,000	59.70
TOTAL	3,246	100.00	144,000,000	100.00

* Less than 5 % of issued holdings

** 5 % and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1	AEON FINANCIAL SERVICE CO., LTD.	85,968,000	59.70	-	-
2	AEON CO., LTD.	-	-	89,064,000*	61.85

Notes:

* 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.

DIRECTORS' INTEREST AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1	Dato' Abdullah bin Mohd Yusof	5,180	Negligible	51,000*	0.04
2	Kenji Fujita	-	-	-	-
3	Datuk Ramli bin Ibrahim	100,000	0.07	-	-
4	Dato' Md Kamal bin Ismaun	6,000	Negligible	-	-
5	Ng Eng Kiat	12,000	0.01	-	-
6	Tomokatsu Yoshitoshi	-	-	-	-
7	Koji Hatakeda	36,000	0.03	-	-
8	Jiraporn Kongcharoenwanich	-	-	-	-
9	Krishnappan A/L S.P.S Singaram	108,000	0.08	-	-
10	Lee Tyan Jen	23,774	0.02	-	-
11	Lee Kit Seong	-	-	-	-
12	Kiyooki Takano	36,000	0.03	-	-

Notes:

* Indirect interest pursuant to Section 59(11)(c) of the Companies Act 2016.

LIST OF TOP THIRTY (30) SHAREHOLDERS

No.	Name	No. of Shares	% of Shares
1	AEON FINANCIAL SERVICE CO., LTD.	85,968,000	59.70%
2	AEON CO. (M) BHD.	3,096,000	2.15%
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KONG GOON KHING (E-BTR)</i>	2,970,000	2.06%
4	HSBC NOMINEES (ASING) SDN BHD <i>BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC</i>	2,824,600	1.96%
5	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A. (2)</i>	2,614,400	1.82%
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)</i>	1,529,000	1.06%
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)</i>	1,248,200	0.87%
8	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	1,233,980	0.86%
9	PERTUBUHAN KESELAMATAN SOSIAL	1,167,100	0.81%
10	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND</i>	910,000	0.63%
11	HSBC NOMINEES (ASING) SDN BHD <i>BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND</i>	745,040	0.52%
12	HSBC NOMINEES (ASING) SDN BHD <i>BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND</i>	745,000	0.52%
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CONSOLIDATED CHAN REALTY SDN BHD (E-KUG)</i>	649,800	0.45%
14	CHONG AH SUAN	622,000	0.43%
15	MOTOYA OKADA	576,000	0.40%
16	HSBC NOMINEES (ASING) SDN BHD <i>BBH AND CO BOSTON FOR GRANDEUR PEAK GLOBAL OPPORTUNITIES FUND</i>	559,480	0.39%
17	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)</i>	526,000	0.37%
18	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)</i>	520,340	0.36%
19	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)</i>	520,200	0.36%
20	LEONG LI NAR	516,000	0.36%
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>NATIONAL TRUST FUND (IFM EASTSPRING) (410140)</i>	515,800	0.36%
22	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.</i>	515,000	0.36%
23	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	508,800	0.35%
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)</i>	493,300	0.34%
25	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)</i>	460,740	0.32%
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KONG GOON SIONG (E-BTR)</i>	460,000	0.32%
27	LEONG SOO KENG	440,400	0.31%
28	AFFIN HWANG NOMINEES (ASING) SDN. BHD. <i>DBS VICKERS SECS (S) PTE LTD FOR SERENDIP INVESTMENTS LIMITED</i>	426,000	0.30%
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>SSBT FUND 62L2 FOR USAA EMERGING MARKETS FUND</i>	405,500	0.28%
30	NG KIM MING	391,200	0.27%
		114,157,880	79.28%

NOTICE OF ANNUAL GENERAL MEETING

AEON CREDIT SERVICE (M) BERHAD.
(Company No. 412767-V)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting ("20th AGM") of AEON Credit Service (M) Berhad will be held at Ballroom 1 and 2, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 21 June 2017 at 10.30 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 28 February 2017 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note (i) of the Explanatory Notes) |
| 2. To approve the payment of a final dividend of 32.50 sen per ordinary share in respect of the financial year ended 28 February 2017. | Ordinary Resolution 1 |
| 3. To approve the increase of Directors' Fees to RM804,000 for the financial year ended 28 February 2017 and payments thereof. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors retiring pursuant to Article 129 of the Articles of Association of the Company:-

(i) Mr. Kenji Fujita
(ii) Ms. Lee Tyan Jen | Ordinary Resolution 3
Ordinary Resolution 4 |
| 5. To re-elect Mr. Tomokatsu Yoshitoshi who is retiring in accordance with the Article 134 of the Articles of Association of the Company.

Mr. Koji Hatakeda and Mrs. Jiraporn Kongcharoenwanich, who retire in accordance with Article 134 of the Articles of Association of the Company, have expressed their intention not to seek re-election at the 20 th AGM and will retain office until the conclusion of the 20 th AGM. | Ordinary Resolution 5 |
| 6. To re-appoint the following Directors:-

(i) Dato' Abdullah bin Mohd Yusof
(ii) Datuk Ramli bin Ibrahim | Ordinary Resolution 6
Ordinary Resolution 7 |
| 7. To appoint Messrs. Deloitte PLT as the Auditors of the Company in place of the retiring Auditors, Messrs. KPMG PLT and to authorise the Directors to fix their remuneration. | Ordinary Resolution 8 |

Notice of Nomination (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2017) has been received by the Company for the nomination of Messrs. Deloitte PLT who have given their consent to act, for appointment as Auditors in place of the retiring Auditors, Messrs. KPMG PLT and of the intention to propose the following ordinary resolution:-

"That Messrs. Deloitte PLT having consented to act, be and are hereby appointed as the new Auditors of the Company for the financial year ending 28 February 2018 at a fee to be determined by the Directors and shall hold office until the conclusion of the next AGM, in place of the retiring Auditors, Messrs. KPMG PLT."

As Special Business

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

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 8. Authority for Dato' Abdullah bin Mohd Yusof to continue in office as Independent Non-Executive Director | Ordinary Resolution 9 |
| <p>"THAT authority be and is hereby given to Dato' Abdullah bin Mohd Yusof who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with Malaysian Code of Corporate Governance."</p> | |
| 9. Authority for Datuk Ramli bin Ibrahim to continue in office as Independent Non-Executive Director | Ordinary Resolution 10 |
| <p>"THAT authority be and is hereby given to Datuk Ramli bin Ibrahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with Malaysian Code of Corporate Governance."</p> | |
| 10. Authority for Dato' Md Kamal bin Ismaun to continue in office as Independent Non-Executive Director | Ordinary Resolution 11 |
| <p>"THAT authority be and is hereby given to Dato' Md Kamal bin Ismaun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with Malaysian Code of Corporate Governance."</p> | |
| 11. Authority for Mr. Ng Eng Kiat to continue in office as Independent Non-Executive Director | Ordinary Resolution 12 |
| <p>"THAT authority be and is hereby given to Mr. Ng Eng Kiat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with Malaysian Code of Corporate Governance."</p> | |
| 12. Proposed Renewal of Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares | Ordinary Resolution 13 |
| <p>"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the share capital of the Company at any time until the conclusion of the next AGM, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."</p> | |

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

Ordinary Resolution 14

"THAT, subject to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 29 May 2017 ("Circular") with the related parties mentioned therein which are necessary for the Company's day-to-day operations.

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

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

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

- i) the conclusion of the next 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."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 20th AGM, a final dividend of 32.50 sen per ordinary share in respect of the financial year ended 28 February 2017 will be paid to shareholders on 19 July 2017. The entitlement date for the said dividend shall be 29 June 2017.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 29 June 2017 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 (MAICSA 7009143)
CHOONG LEE WAH (MAICSA 7019418)
Company Secretaries

Selangor Darul Ehsan

Date: 29 May 2017

NOTES:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
2. A member is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/her place, 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.
3. 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.
4. The instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power or authority and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 20th AGM or any adjournment thereof.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 13 June 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
6. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 20th 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 no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

**(ii) Ordinary Resolution 6 - Re-appointment of Dato' Abdullah bin Mohd Yusof
Ordinary Resolution 7 - Re-appointment of Datuk Ramli bin Ibrahim**

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

At the Nineteenth AGM ("19th AGM") of the Company held on 21 June 2016, Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim, who are above the age of seventy (70), were re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the 20th AGM. Their terms of office will end at the conclusion of the 20th AGM and they have offered themselves for re-appointment.

The proposed Ordinary Resolutions 6 and 7, if passed, will enable Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim to continue to act as Directors of the Company and they shall be subject to retirement by rotation at a later date.

The Nomination Committee ("NC") of the Company has assessed the criteria and contribution of Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim and recommended for their re-appointment. The Board has endorsed the NC's recommendation that Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim be re-appointed as Directors of the Company.

(iii) Authority for the following Directors to continue in office as Independent Non-Executive Director:-

Ordinary Resolution 9 - Dato' Abdullah bin Mohd Yusof
Ordinary Resolution 10 - Datuk Ramli bin Ibrahim
Ordinary Resolution 11 - Dato' Md Kamal bin Ismaun
Ordinary Resolution 12 - Mr. Ng Eng Kiat

The Board of Directors has via the NC conducted an annual performance evaluation and assessment of Dato' Abdullah bin Mohd Yusof, Datuk Ramli bin Ibrahim, Dato' Md Kamal bin Ismaun and Mr. Ng Eng Kiat, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the justification as set out in Appendix II.

(iv) Ordinary Resolution 13 - Proposed Renewal of Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its 19th AGM held on 21 June 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the then Section 132D of the Companies Act, 1965. As at the date of this notice, the Company has not issued any shares pursuant to that mandate obtained.

The Ordinary Resolution 13 proposed under item 12 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016. The mandate, 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 10% of the issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition(s).

(v) Ordinary Resolution 14 - Proposed Shareholders' Mandate

Ordinary Resolution 14 proposed, if passed, will allow the Company to enter into recurrent related party transactions in accordance with paragraph 10.09 of the MMLR of Bursa Securities and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. The proposed 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 29 May 2017 which was despatched together with this Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, 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.

NOTICE OF NOMINATION OF MESSRS DELOITTE PLT AS AUDITORS

AEON Financial Service Co., Ltd.
TERRACE SQUARE, 3-22,
Kandanishiki-cho, Chiyoda-ku,
Tokyo

Date: 8th May 2017

The Board of Directors
AEON Credit Service (M) Berhad
29th Floor, Menara Olympia
Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs,

NOMINATION OF AUDITORS

We, AEON Financial Service Co., Ltd, being a major shareholder of AEON Credit Service (M) Berhad ("AEON Credit Service"), hereby give notice that we wish to nominate the following external auditors as the Auditors of AEON Credit Service:

Messrs Deloitte PLT (LLP0010145-LCA)
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

Yours faithfully,

AEON FINANCIAL SERVICE CO., LTD.

Duly Signed

Kenji Kawahara
President & CEO

1. ORDINARY RESOLUTION NO. 9

- **Authority for Dato' Abdullah bin Mohd Yusof to continue in office as Independent Non-Executive Director**

Justification

- a. he fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgment to the Board;
- b. his vast experience in the financial services and legal profession enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for more than nine years and therefore understands the Company's business operations which enables him to participate actively and contribute positively during deliberations or discussions at Board meetings without compromising his independence and objective judgement;
- d. he has devoted sufficient time and efforts and attended all the Board and Board Committees meetings as well as meeting the Management prior to Board meetings for informed and balanced decision making;
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- f. the current independent directors are individuals of integrity and independence. Independence is a result of a director's state of mind and not dependent on years of service. The experience of the independent directors in the Company is valuable for determining the strategic direction for continued stability and growth.

2. ORDINARY RESOLUTION NO. 10

- **Authority for Datuk Ramli bin Ibrahim to continue in office as Independent Non-Executive Director**

Justification

- a. he fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgment to the Board;
- b. his experience in the audit and accountancy profession enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for more than nine years and therefore understands the Company's business operations which enables him to participate actively and contribute positively during deliberations or discussions at Audit Committee and Board meetings without compromising his independence and objective judgement;
- d. he has devoted sufficient time and efforts and attended all the Board and Board Committees meetings as well as meeting the Management prior to Board meetings for informed and balanced decision making;
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- f. the current independent directors are individuals of integrity and independence. Independence is a result of a director's state of mind and not dependent on years of service. The experience of the independent directors in the Company is valuable for determining the strategic direction for continued stability and growth.

3. ORDINARY RESOLUTION NO. 11

- **Authority for Dato' Md Kamal bin Ismaun to continue in office as Independent Non-Executive Director**

Justification

- a. he fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgment to the Board;
- b. his working experience enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for nine years and therefore understands the Company's business operations which enables him to participate actively and contribute positively during deliberations or discussions at Audit Committee and Board meetings without compromising his independence and objective judgement;
- d. he has devoted sufficient time and efforts and attended all the Board and Board Committees meetings as well as meeting the Management prior to Board meetings for informed and balanced decision making;
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- f. the current independent directors are individuals of integrity and independence. Independence is a result of a director's state of mind and not dependent on years of service. The experience of the independent directors in the Company is valuable for determining the strategic direction for continued stability and growth.

4. ORDINARY RESOLUTION NO. 12

- **Authority for Mr. Ng Eng Kiat to continue in office as Independent Non-Executive Director**

Justification

- a. he fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgment to the Board;
- b. his experience in the audit and accountancy profession enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. he has been with the Company for nine years and therefore understands the Company's business operations which enables him to participate actively and contribute positively during deliberations or discussions at Audit Committee and Board meetings without compromising his independence and objective judgement;
- d. he has devoted sufficient time and efforts and attended all the Board and Board Committees meetings as well as meeting the Management prior to Board meetings for informed and balanced decision making;
- e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- f. the current independent directors are individuals of integrity and independence. Independence is a result of a director's state of mind and not dependent on years of service. The experience of the independent directors in the Company is valuable for determining the strategic direction for continued stability and growth.



AEON CREDIT SERVICE (M) BERHAD
(Company No.412767-V)
(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	
Contact No.	

Form of Proxy

*I/We (full name in capital letters) _____
(NRIC No./ Company No. _____) of _____
being a *member/members of AEON Credit Service (M) Berhad ("Company"), hereby appoint (full name in capital letters),
_____ (NRIC No. _____)
of _____
or failing *him/her, (full name in capital letters) _____
(NRIC No. _____) of _____
or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting ("20th AGM") of the Company to be held at Ballroom 1 and 2, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 21 June 2017 at 10.30 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	Resolutions	For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	Approval of the payment of a final dividend of 32.50 sen per ordinary share in respect of the financial year ended 28 February 2017		
Ordinary Resolution 2	Approval of the increase of Directors' Fees to RM804,000 for the financial year ended 28 February 2017 and payments thereof		
Ordinary Resolution 3	Re-election of Mr. Kenji Fujita		
Ordinary Resolution 4	Re-election of Ms. Lee Tyan Jen		
Ordinary Resolution 5	Re-election of Mr. Tomokatsu Yoshitoshi		
Ordinary Resolution 6	Re-appointment of Dato' Abdullah bin Mohd Yusof as Director		
Ordinary Resolution 7	Re-appointment of Datuk Ramli bin Ibrahim as Director		
Ordinary Resolution 8	Appointment of Messrs. Deloitte PLT as the Auditors of the Company in place of the retiring Auditors, Messrs. KPMG PLT and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 9	Authority for Dato' Abdullah bin Mohd Yusof to continue in office as Independent Non-Executive Director		
Ordinary Resolution 10	Authority for Datuk Ramli bin Ibrahim to continue in office as Independent Non-Executive Director		
Ordinary Resolution 11	Authority for Dato' Md Kamal bin Ismaun to continue in office as Independent Non-Executive Director		
Ordinary Resolution 12	Authority for Mr. Ng Eng Kiat to continue in office as Independent Non-Executive Director		
Ordinary Resolution 13	Proposed Renewal of Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares		
Ordinary Resolution 14	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he / she thinks fit.

*Strike out whichever is not applicable

Signature or Common Seal of Shareholder(s)

Dated this _____ day of _____, 2017

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
	<u>Percentage</u>
Proxy 1	%
Proxy 2	%
Total	100%

NOTES:-

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
- A member is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/her place, 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.
- 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.
- The instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power or authority and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 20th AGM or any adjournment thereof.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 13 June 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities Berhad, all the resolutions set out in the Notice of the 20th AGM will be put to vote by way of poll.

PERSONAL DATA POLICY

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 20th AGM dated 29 May 2017.

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POSTAGE
STAMP

The Share Registrar
AEON CREDIT SERVICE (M) BERHAD (COMPANY NO. 412767-V)
C/O Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here

ÆON CREDIT BRANCH NETWORK

Northern Region

- Alor Setar
- Sungai Petani
- ÆON Big Alor Setar
- Raja Uda
- Penang Inderawasih
- ÆON Queensbay
- ÆON Mall Bukit Mertajam
- ÆON Big Prai
- Ipoh
- ÆON Mall Ipoh Station 18
- ÆON Mall Seri Manjung
- ÆON Mall Taiping
- ÆON Mall Ipoh Klebang
- ÆON Big Ipoh Midtown

Eastern Region

- Kota Bharu
- Kuala Terengganu
- Kuantan
- Temerloh
- ÆON Mall Kota Bharu

Central Region

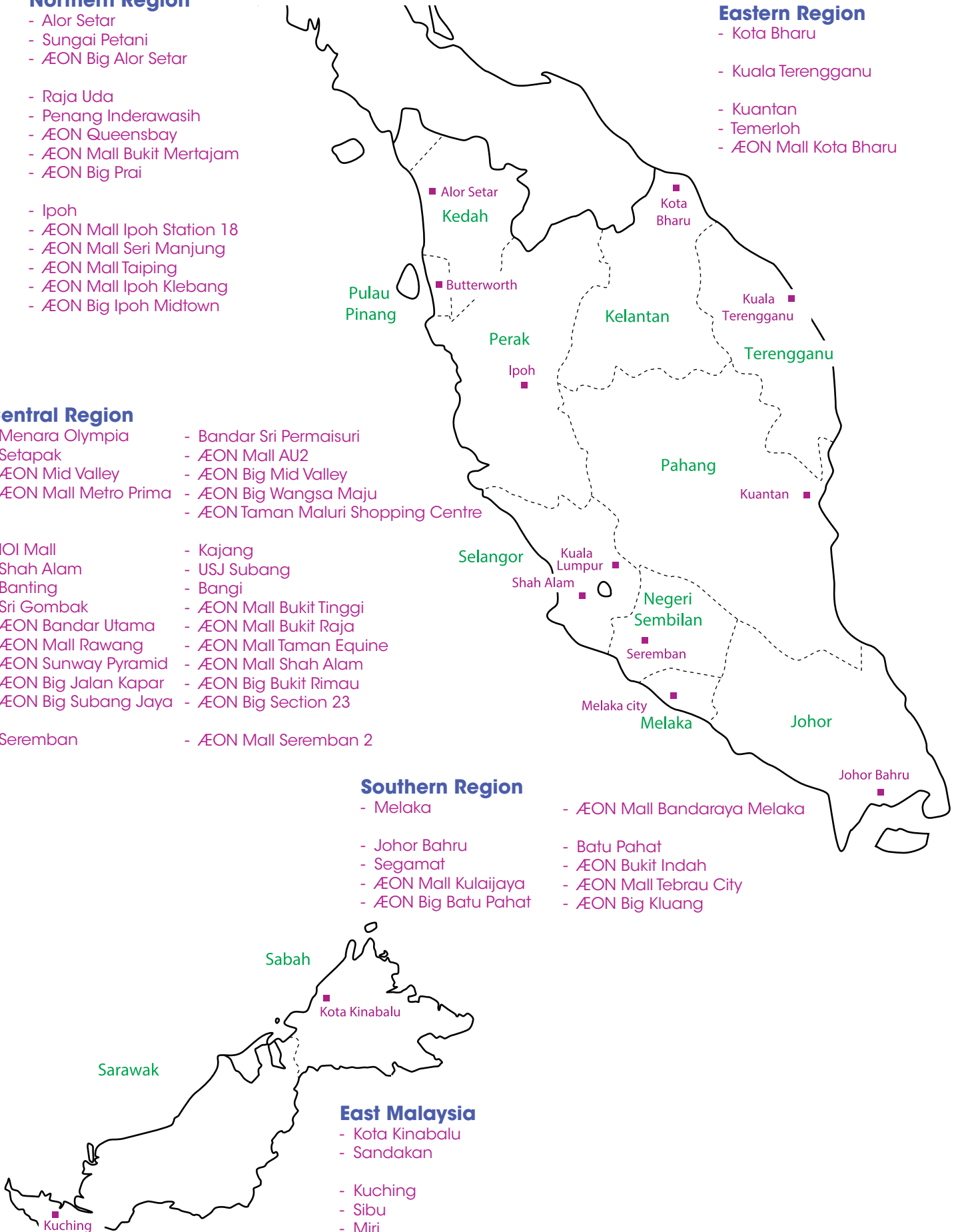
- Menara Olympia
- Setapak
- ÆON Mid Valley
- ÆON Mall Metro Prima
- Bandar Sri Permaisuri
- ÆON Mall AU2
- ÆON Big Mid Valley
- ÆON Big Wangsa Maju
- ÆON Taman Maluri Shopping Centre
- Kajang
- USJ Subang
- Bangi
- ÆON Mall Bukit Tinggi
- ÆON Mall Bukit Raja
- ÆON Mall Taman Equine
- ÆON Mall Shah Alam
- ÆON Big Bukit Rimau
- ÆON Big Section 23
- Seremban
- ÆON Mall Seremban 2

Southern Region

- Melaka
- Johor Bahru
- Segamat
- ÆON Mall Kulaijaya
- ÆON Big Batu Pahat
- ÆON Mall Bandaraya Melaka
- Batu Pahat
- ÆON Bukit Indah
- ÆON Mall Tebrau City
- ÆON Big Kluang

East Malaysia

- Kota Kinabalu
- Sandakan
- Kuching
- Sibul
- Miri





www.aeoncredit.com.my



AEON CREDIT SERVICE (M) BERHAD (412767-V)

Level 29, Menara Olympia,
No 8, Jalan Raja Chulan,
50200 Kuala Lumpur, Malaysia.

Tel: 03-2772 9000 Fax: 03-2711 4110 Email: ir_info@aeoncredit.com.my



Planting Seeds of Growth

We are AEON