

INTEGRATED ANNUAL REPORT 2024



BRINGING FINANCE CLOSER TO EVERYONE

“Bringing finance closer to everyone” encapsulates the objective of making financial services accessible and convenient to all, aiming to bridge the gap between individuals and financial resources regardless of socioeconomic status or geographic location. This entails implementing strategies to enhance financial literacy, promote inclusivity and develop innovative solutions tailored to diverse needs, ultimately empowering individuals to make informed financial decisions and participate actively in economic growth and prosperity.

The cover design illustrates the Group's commitment to offering financial services tailored to the diverse backgrounds and needs of people.



Scan here to access the soft copy of the AEON Credit Integrated Annual Report 2024.

<https://aeoncredit.com.my/investor-relations/integrated-annual-report/>

27TH ANNUAL GENERAL MEETING



20 June 2024
Thursday, 10.00 a.m.



AGM will be conducted on a virtual basis through live streaming and online remote voting from the broadcast venue at:

Pullman Room 3, 4, & 5, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences
No. 4, Jalan Conlay, 50450 Kuala Lumpur
Malaysia



AEON Foundational Ideals

Pursuing peace, respecting humanity and contributing to local communities, always with customers as our starting point.

AEON firmly believes that retailing is an industry to promote peace, humanity and local communities. To remain a thriving corporate group that fulfils this mission, we are committed to continuous innovation, with customers as our starting point.

The complete text of AEON Foundational Ideals is available at the following URL:

<https://aeoncredit.com.my/about-us/our-purpose/>



AEON Group Future Vision

Create a future lifestyle that leads to a smile for each and every person.

The future that the AEON Group wishes to realise is one in which customers can feel a “brighter society” and “happiness that is uniquely their own”, creating a future that is fulfilling and full of smiles.

The AEON Group wishes to be a group that leads the co-creation of lifestyles, enriching each individual and society as a whole.

The complete text of AEON Group Future Vision is available at the following URL:

<https://aeoncredit.com.my/about-us/our-purpose/>

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ABOUT THIS REPORT

We are pleased to present AEON Credit Service (M) Berhad's ("AEON Credit" or "the Group") Integrated Annual Report ("IAR") for the financial year ended 29 February 2024 ("FYE2024"). This IAR serves as our communication to stakeholders on key developments and initiatives, market challenges and business direction as well as overall performance in FYE2024.



REPORTING FRAMEWORK

This report has been prepared in accordance with various frameworks including:

- International Integrated Reporting ("<IR>") Framework
- Malaysian Code on Corporate Governance ("MCCG")
- Bursa Malaysia Corporate Governance Guide (4th Edition)
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad
- Companies Act 2016 ("CA")
- Malaysian Financial Reporting Standards ("MFRS")
- International Financial Reporting Standards ("IFRS")

In addition, for sustainability-related disclosures, our report aligns with key sustainability guidelines and standards, including:

- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- Global Reporting Initiative ("GRI") Standards
- United Nations Sustainable Development Goals ("UN SDGs")
- Greenhouse Gas ("GHG") Protocol: Corporate Accounting and Reporting Standard

Going forward, we will stay guided by the evolving reporting requirements to achieve a more coherent corporate reporting system in tandem with global reporting standards. By continuously enhancing our reporting disclosures, we seek to disseminate information critical to our business and growth, and to communicate with our stakeholders with integrity and transparency.



SCOPE AND BOUNDARY

This IAR extends beyond financial reporting and includes non-financial performance of AEON Credit. It specifies the material matters, opportunities, risks and outcomes attributable to or associated with the Group's key stakeholders, which have a significant influence on its ability to create value. Unless otherwise indicated, this IAR covers the period from 1 March 2023 to 29 February 2024 and encapsulates the primary activities of the Group, namely our overall performance for the year under review and the delivery of our initiatives towards our strategic goals.



APPROACH TO MATERIALITY

We report based on our material matters, which are assessed yearly to ensure that the matters continued to be applicable and relevant. This ensures that our strategy, performance and prospects are illustrated in the correct context. Our response to material matters in the economic, environmental, social and governance aspects of our business have also been considered. In developing this IAR further, we have included qualitative and quantitative performance measurements as well as other factors that may have affected business sustainability. A complete discussion of our sustainability performance can be found from pages 53 to 101.



INDEPENDENT ASSURANCE

Our reporting disclosures have undergone verification by independent auditors and validators to ensure their credibility.

Assurance Scope	Independent Assurance Provider
Audited Financial Statements	Deloitte PLT
Validation of Sustainability Statement	SIRIM QAS International Sdn. Bhd.
Validation of Company's Selected Sustainability Information	KPMG PLT

Refer to pages 97 and 98 for SIRIM QAS's Independent Assurance Statement and pages 99 to 101 for KPMG PLT's Independent Limited Assurance Report.



FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements about the AEON Credit's future strategy and prospects. The Group makes no representations and/or warranty, expressed and/or implied, that these forward-looking statements will be achieved.



APPROVAL BY THE BOARD

The Board acknowledges its responsibility in ensuring the integrity of this IAR, which in its opinion addresses matters that are material to the Group's ability to create value and fairly presents the integrated performance of AEON Credit Service (M) Berhad.

NG ENG KIAT
Chairman

DAISUKE MAEDA
Managing Director

The 6 Capitals, as identified by the International Integrated Reporting Council (“IIRC”), have served as essential guide to help us achieve our strategic objectives. These capitals represent stores of value and each of them: Intellectual Capital, Financial Capital, Human Capital, Manufactured Capital, Social & Relationship Capital and Natural Capital are important in how they impact our businesses.

OUR CAPITALS



Intellectual Capital

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



Financial Capital

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



Human Capital

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



Manufactured Capital

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



Social and Relationship Capital

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



Natural Capital

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

MATERIAL SUSTAINABILITY MATTERS



Data Security,
IT Infrastructure &
Digital Transformation



Excellent Customer
Experience,
Support & Access



Business Innovation,
Responsible Marketing,
Product & Service
Design



Excellent Ethics,
Governance, Risk &
Compliance



Sustainable Finance
and Financial
Performance



Environmental
Management



Employee Benefits,
Employee Engagement
Programmes



Employee Health,
Safety and Well-being



Climate Action



Strategic Community
Investment



Transparency in
Procurement Process

UN SDGs



KEY RISKS

R1 Credit Risk

R2 Financial Risk

R3 Operational Risk

R4 Technology and
Cyber Risk

OUR STAKEHOLDERS



Customers



Government &
Regulators



Shareholders &
Investors



Employees



Merchants &
Business Partners



Local Communities/
NGOs



Suppliers



Media



Connected.

We strive towards
greater efficiency
and inclusivity.

WHO WE ARE

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Eng Kiat

Chairman
Non-Independent Non-Executive Director

Daisuke Maeda

Managing Director

S Sunthara Moorthy A/L

S Subramaniam

Independent Non-Executive Director

Datuk Adinan bin Maning

Senior Independent Non-Executive Director

Datin Yasmin Ahmad Merican

Independent Non-Executive Director

Rashidah binti Abu Bakar

Independent Non-Executive Director

Chin Pik Yuen

Independent Non-Executive Director

Mitsugu Tamai

Non-Independent Non-Executive Director

Lee Tyan Jen

Executive Director

HEAD OFFICE

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

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tel : +603-7890 4800
Fax : +603-7890 4650
Email : boardroom-kl@
boardroomlimited.com

REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tax : +603-7890 4700
Fax : +603-7890 4670
Email : bsr.helpdesk@
boardroomlimited.com

AUDITORS

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

SECRETARY

Tai Yit Chan

SSM PC No. 202008001023
(MAICSA 7009143)

STOCK EXCHANGE LISTING

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

STOCK NAME: AEONCR

STOCK CODE: 5139

INVESTOR RELATIONS

ir_info@aeoncredit.com.my

SUBSIDIARY COMPANY

AEON Insurance Brokers (M) Sdn. Bhd.
Suite 3A-2, Level 3A
UOA Corporate Tower
Avenue 10, The Vertical
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2772 9688
Website : www.aeoninsurance.com.my

ASSOCIATE COMPANY

AEON Bank (M) Berhad
(formerly known as ACS Digital Berhad)
Level 12, UOA Corporate Tower
Avenue 10, The Vertical
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Website : www.aeonbank.com.my

PRINCIPAL BANKERS

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

CORPORATE CALENDAR

ANNUAL GENERAL MEETING

- **23 May 2023**
Notice of 26th Annual General Meeting
- **21 June 2023**
Annual General Meeting

EXTRAORDINARY GENERAL MEETING

- **29 September 2023**
Notice of Extraordinary General Meeting
- **16 October 2023**
Extraordinary General Meeting

DIVIDEND

- **12 October 2023**
Book Closure
- **2 November 2023**
Payment of Dividend (Interim)
- **5 July 2024**
Book Closure
- **25 July 2024**
Payment of Dividend (Final)

BONUS ISSUE

- **17 November 2023**
Book Closure
- **20 November 2023**
Bonus issue entitlement

ANNOUNCEMENT OF CONSOLIDATED RESULTS

- **10 July 2023**
Unaudited results for 1st quarter ended 31 May 2023
- **26 September 2023**
Unaudited results for 2nd quarter ended 31 August 2023
- **21 December 2023**
Unaudited results for 3rd quarter ended 30 November 2023
- **8 April 2024**
Unaudited results for 4th quarter ended 29 February 2024

ABOUT AEON CREDIT SERVICE (M) BERHAD

OUR PURPOSE

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

OUR PHILOSOPHY

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

AEON Credit Service (M) Berhad (“AEON Credit”) was incorporated on 6 December 1996 and converted into a public limited company on 9 February 2007 and subsequently listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007. AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores.

AEON Credit’s joint venture with AEON Financial Service Co., Ltd., to undertake the business of a Islamic digital bank through AEON Bank (M) Berhad (formerly known as ACS Digital Berhad) (“AEON Bank”) in December 2023 to cater the financial needs of customers, particularly those in underserved communities, aligning with AEON Purpose “Bring Finance Closer to Everyone”. AEON Bank operates as an associate of AEON Credit.

Today, the business of the Group has expanded to include issuance of Credit Card & Prepaid Cards, provision of AEON Wallet app, Easy Payment schemes, Hire Purchase Financing for Motor Vehicles, Personal Financing schemes, insurance brokerage, and other related services.

KEY PRODUCTS AND SERVICES



► SETTLEMENT BUSINESS

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



► PRODUCT FINANCING

- Motorcycle Financing
- Auto Financing
- Objective Financing



► PERSONAL FINANCING

AEON i-Cash based on unsecured Shariah Compliant



► SME FINANCING

Small and medium enterprises equipment financing



► INSURANCE BROKER

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

The Group currently has 5 Regional Offices, 63 branches and service centres located in the major shopping centres and towns, a network of more than 7,700 participating merchant outlets nationwide, along with a subsidiary company and an associate company.

AEON Credit also leverages on its AEON Group Retail Network and ecosystem to strengthen value proposition while generating sustainable value.



CORPORATE STRUCTURE

AEON Credit is an overseas subsidiary of AEON Financial Service Co., Ltd., with AEON Co., Ltd. ("AEON Group"), Japan as its ultimate holding company. The AEON Group is an integrated conglomerate consisting of 8 businesses across various sectors. AEON Financial Service Co., Ltd. oversees the financial services of the AEON Group, operating as a comprehensive financial group rooted in the retail sector across Japan and 10 other countries/regions in Asia.

AEON Group



AEON FINANCIAL SERVICE CO., LTD.

- ▶ AEON Insurance Service Co., Ltd.
- ▶ ACS Credit Management Co., Ltd.
- ▶ AEON S.S. Insurance Co., Ltd.
- ▶ ACS Leasing Co., Ltd.
- ▶ AEON Allianz Life Insurance Co., Ltd.
- ▶ FeliCa's Pocket Marketing Co., Ltd.
- ▶ KYOEI A&I Co., Ltd.
- ▶ AEON Credit Service (Asia) Co., Ltd.
- ▶ AEON Thana Sinsap (Thailand) Public Company Limited
- ▶ **AEON Credit Service (M) Berhad**
- ▶ Consolidated Subsidiaries Overseas

- ▶ AFS Corporation Co., Ltd. (bank holding company)

- ▶ AEON Bank, Ltd.
- ▶ AEON Housing Loan Service Co., Ltd.
- ▶ AEON Credit Service (Philippines) Inc.
- ▶ AEON Specialized Bank (Cambodia) Plc.

Business areas:

- Credit Card Business
- Insurance Business
- Software Development
- Installment Financial Business
- Leasing Business
- Application Business
- Banking Business
- Collections Business



AEON CREDIT SERVICE (M) BERHAD

Registration No. 199601040414 (412767-V)

Date of Incorporation
6 December 1996

Principal Activities

Provision of easy payment schemes, personal financing schemes and issuance of payment cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

100%



AEON INSURANCE BROKERS (M) SDN. BHD.

Registration No. 198201005186 (84938-X)

Date of Acquisition 30 September 2021
Principal Activities Insurance broker

50%



AEON BANK (M) BHD

Registration No. 202201026163 (1471860-K)
(formerly known as ACS Digital Berhad)

Date of Acquisition 1 December 2023
Principal Activities Principal activities changed from Financial Technology Business to Islamic Digital Bank in FYE2024. On 8 January 2024, the Bank obtained approval from BNM and MOF to commence operations effective 15 January 2024.

* There were no other changes to the principal activities during the financial year.

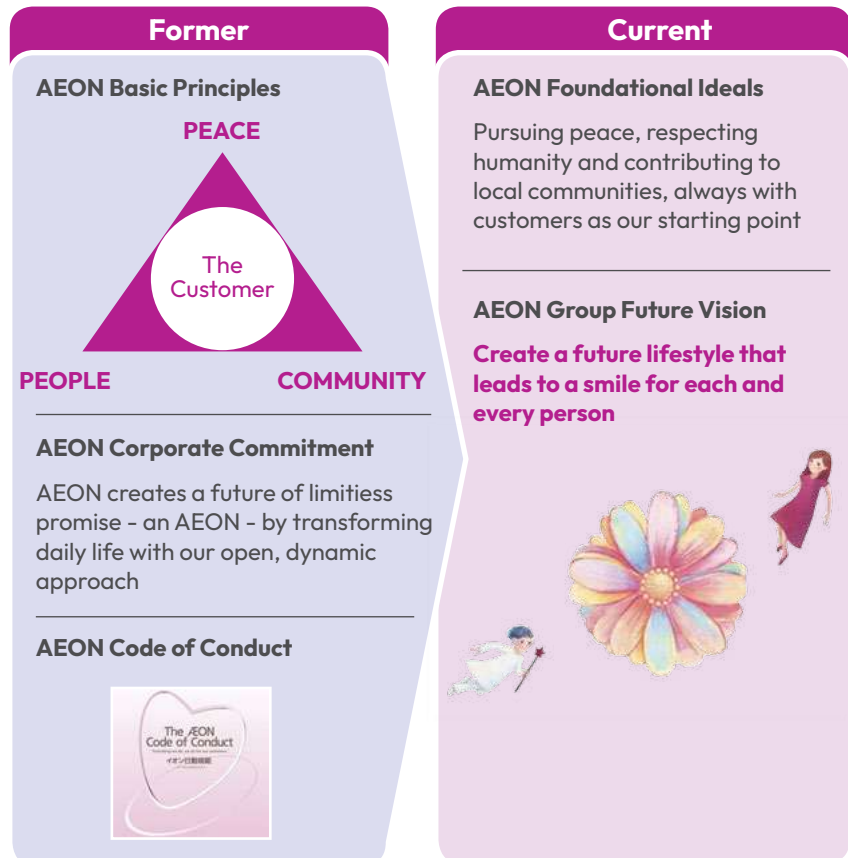
AEON FUNDAMENTAL MANAGEMENT PRINCIPLES

AEON is committed to actively engaging in peace efforts, supporting human happiness and norms, and contributing to the prosperity of local communities. These ideals form the foundation of putting “Customer as our starting point”, which places the needs and preferences of our customer first at the center of our operations.

AEON Foundational Ideals and **AEON Group Future Vision** were formulated by AEON Group, Japan to replace the existing **AEON Basic Principles**, **AEON Corporate Commitment** and **AEON Code of Conduct**. Having developed its AEON Basic Principles over 30 years, AEON acknowledges the substantial changes in today’s business landscape, particularly with the digital shift. There is a necessity to establish new guidelines for shaping the future.

With this in mind, AEON has established the **AEON Foundational Ideals**, which integrate **continuous innovation** as one of AEON’s principles while preserving the essence of the AEON Basic Principles, aiming to become a corporate group that prioritises continuous innovation.

AEON will act with the firm belief that by embodying and practicing these ideals, we can contribute to the maintenance and development of peace, humanity and local communities. As part of the AEON Group, we have also embraced these new standards.



AEON FOUNDATIONAL IDEALS

Pursuing peace, respecting humanity and contributing to local communities, always with customers as our starting point.

AEON Foundation Ideals

AEON firmly believes that retailing is an industry to promote peace, humanity and local communities. To remain a thriving corporate group that fulfills this mission, we are committed to continuous innovation, with customers as our starting point

Pursuing Peace

- We contribute to peace through the creation of a sustainable society and dedicate to refraining from actions or activities that contradict peace

Respecting Humanity

- We are committed to respecting the humanity and diversity of our employees, fostering a work environment where everyone feels fulfilled and their abilities are fully utilised

Contributing to Local Communities

- We aim to work towards decarbonisation together with our customers and local communities through the products and services the Group provides, and effectively utilising resources in our business activities

Continuous Innovation

- We are committed to enriching the lives and happiness of our customers by providing safe, secure and innovative financial services, and building an infrastructure that enables access to financial services for everyone

Always with Customer

- We prioritise customer interests over our own convenience and consistently uphold integrity, which is the foundation of AEON

AEON GROUP FUTURE VISION

The AEON Group Future Vision clarifies AEON's direction in a changing world and drives the Group forward. Looking ahead, AEON will collaborate with customers and stakeholders to fulfill our desires. Through our various businesses related to people's lives, we aim to promote happiness and sustainable development, creating a global lifestyle of smiles.

AEON Group Future Vision as presented here was drafted in accordance with the AEON Basic Principles, incorporating the will and the beliefs of each group company and of AEON People, and it serves as a guidepost as we work toward the future.

Vision Statement

Create a future lifestyle that leads to a smile for each and every person

THE FUTURE THAT AEON WISHES TO REALISE

- ▶ When customers can feel "a brighter society" and "happiness that is uniquely their own", their future will be fulfilling and full of smiles

HOW THE AEON GROUP WISHES TO BE

- ▶ We wish to be a group that creates a future lifestyle full of smiles together with our customers and colleagues who share our vision
- ▶ We wish to be a leading group that grows by enriching society and individual lives through our innovation and co-creation
- ▶ We will evolve our products and services, playing roles with the keyword of "connection" to provide unprecedented value

Connect deeply with individuals

Connect individuals with society

Connect individuals with one another

Expand the circle of connections

"Connection"

THE ATTITUDES AND VOW THAT WE CHERISH

▶ Three attitudes

"Act spontaneously and follow your aspirations"

Centered on our customers' perspectives, we will embrace our aspirations, express ourselves and act proactively.

"Keep learning to create new values"

Continuous learning expands our potential as through practice, we accumulate wisdom, sharpen our skills and continuously create new value.

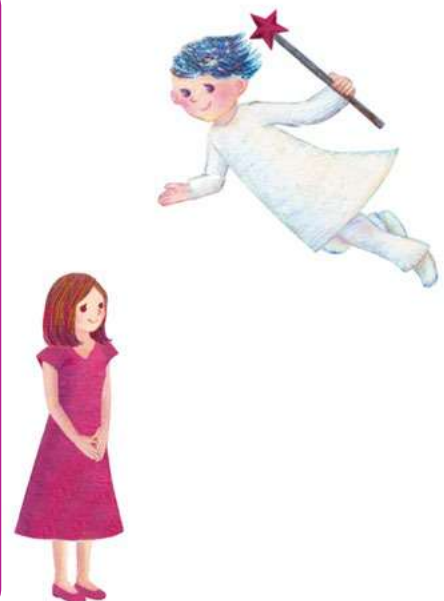
"Build relationships, nurture them and create together"

We will transcend corporate, group and organisational boundaries to foster diverse connections, accelerating cycles of mutual learning and value creation to co-create the future lifestyle.

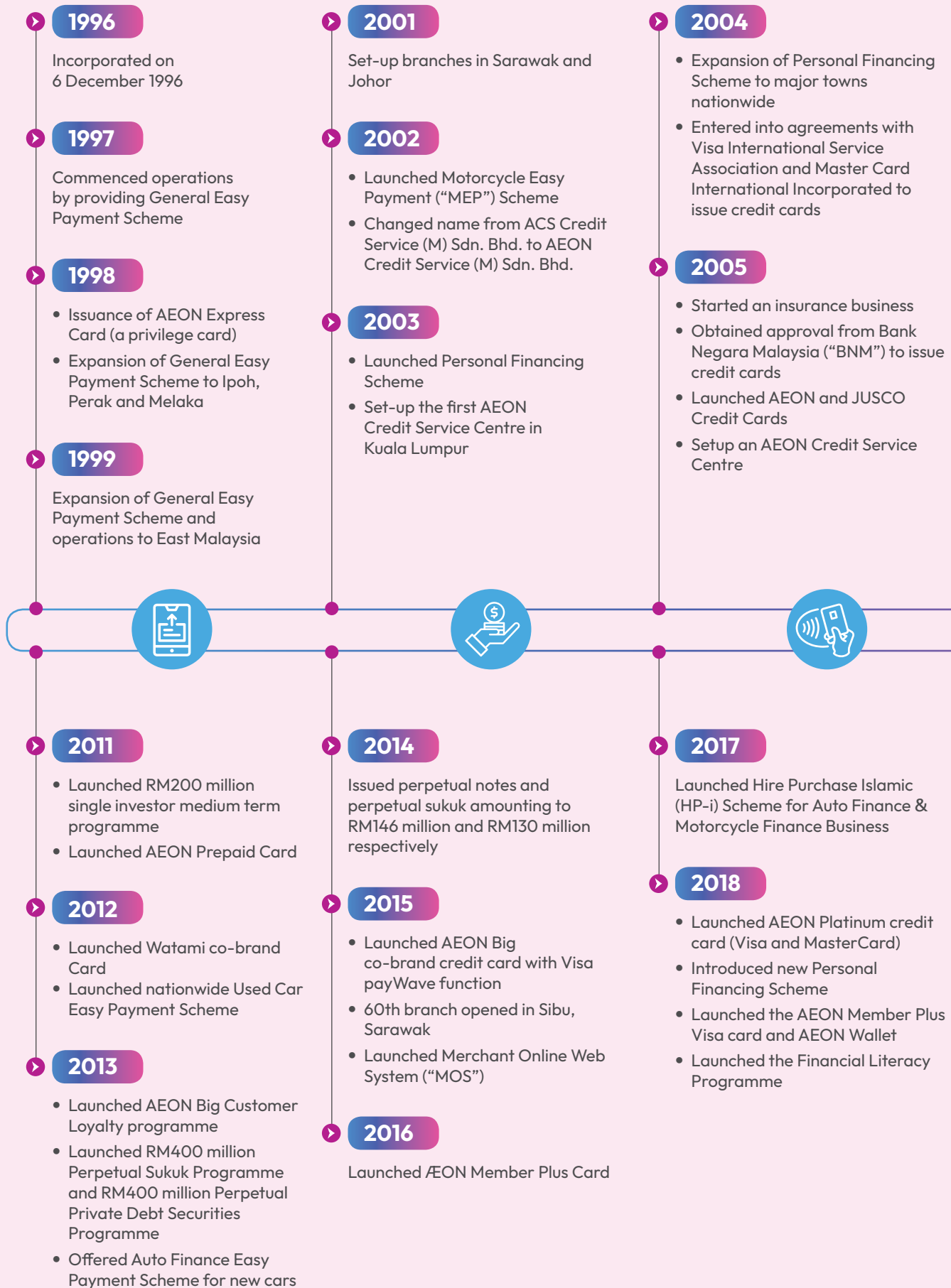
▶ One vow

"Always act with integrity and sincerity"

Integrity and sincerity build trust in our actions and foster empathy with our aspirations. Empathy from customers and allies serves as the foundation for co-creation. Moving forward, we will uphold our commitment to always act with integrity and sincerity.



CORPORATE MILESTONES



2006

- Launched specific purpose financing
- Established 3 service centres in JUSCO Shopping Centres bringing our nationwide network to 24

2007

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

2008

- Launched CRUIZE Visa Card with Automobile Association of Malaysia ("AAM")
- Launched AEON Zing card with Touch 'n Go Sdn. Bhd
- Regional office expansion in Penang, Johor and Pahang
- Service centre expansion to new JUSCO shopping centres
- Launched Used Car Easy Payment Scheme

2009

- Launched New AEON Card with AEON CO. (M) BHD.
- Expansion of service centres and offices in Melaka, Sarawak, Perak, Johor and Kedah
- Setup representative office in Mumbai, India
- Launched RM150 million asset-backed medium term notes programme

2010

- Launched "2 In 1" AEON Master Card with JCard loyalty points function
- Offer Motorcycle Easy Payment Scheme for higher cubic capacity motorcycle



2019

Obtained Moneylending Licence under the Moneylenders Act 1951 and Moneylenders (Control and Licensing) Regulations 2003

2020

Issued RM500 million inaugural senior sukuk

2021

- Issued RM200 million inaugural subordinated sukuk
- Launched AEON Protect

2022

- Launched the AEON Privilege Card for Hawkers and Petty Traders
- Acquired 100% equity interest in AEON Insurance Brokers (M) Sdn. Bhd. (formerly known as Insurepro Sdn. Bhd.)
- Obtained an Islamic digital banking licence with AEON Financial Service Co., Ltd., Japan

2023

- Launched Easy Payment digital onboarding
- Formulation of 3-year Sustainability Roadmap
- Secured first Sustainability-Linked Loans ("SLL") of RM600 million

2024

- Launched new consumer and corporate websites
- Kickstarted TCFD implementation journey with formulation of the TCFD roadmap
- Launched Electric Motorcycle Financing Scheme
- Subscribed 175 million ordinary shares in AEON Bank (M) Berhad, represent 50% equity interest, to undertake Islamic digital banking business

OUR PRESENCE

Central Region

98

- 27** Branches & Service Centres
- 43** Cash Deposit Machines
- 23** E-Money Kiosks
- 4** Direct Sales Counters
- 1** Financial Counter

Northern Region

45

- 12** Branches & Service Centres
- 21** Cash Deposit Machines
- 9** E-Money Kiosks
- 3** Direct Sales Counters

Southern Region

48

- 11** Branches & Service Centres
- 23** Cash Deposit Machines
- 10** E-Money Kiosks
- 4** Direct Sales Counters

Eastern Region

20

- 5** Branches & Service Centres
- 13** Cash Deposit Machines
- 2** E-Money Kiosks

East Malaysia Region

29

- 8** Branches & Service Centres
- 20** Cash Deposit Machines
- 1** E-Money Kiosk

5.6 million

AEON Member Plus,
AEON Express
Members &
Credit Cardholders

> 7,700

Merchant
Outlets
Nationwide

> 3,000

Employees

63

Branches &
Service Centres

120

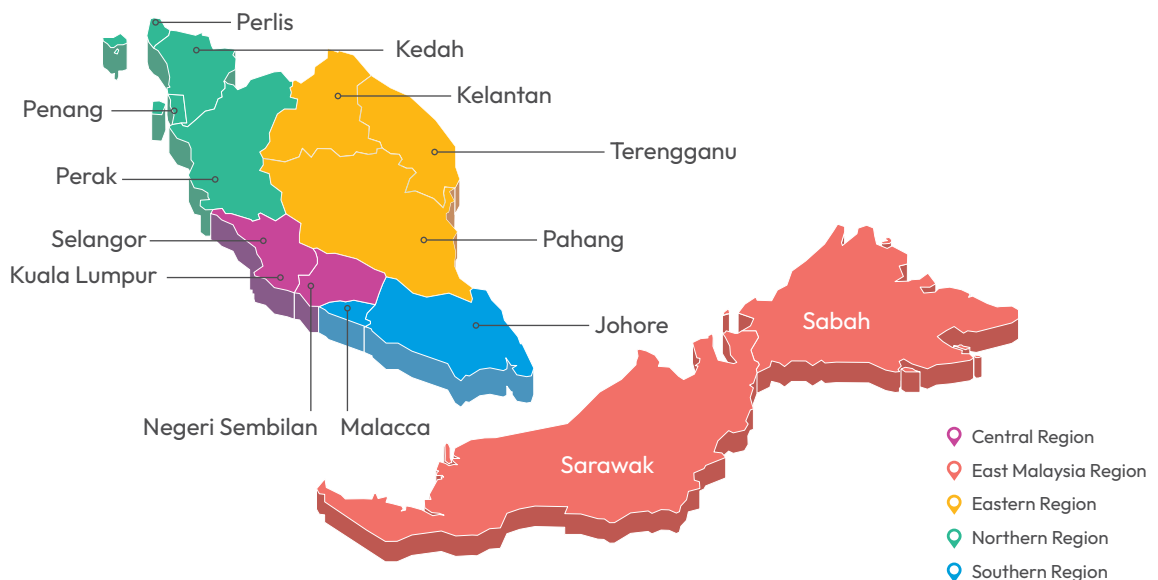
Cash Deposit
Machines

45

E-Money
Kiosks

11

Direct Sales
Counters



Dynamic.

We evolve without fear
in an ever-changing
world.



FYE2024 HIGHLIGHTS

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FYE2024 KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

13.5% Asset Growth	RM12.6 Billion Total Asset	RM1.9 Billion Revenue	RM424.0 Million Profit After Tax	16.7% Return on Equity	3.6% Return on Assets	81.1 Sen Earnings per Share	24.4% Capital Ratio
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BUSINESS HIGHLIGHTS



Joint Venture

AEON Credit subscribed for 175.0 million ordinary shares in AEON Bank for a cash consideration of RM175.0 million, resulting in AEON Bank becoming an associate of the Company.

Bonus Issue

Bonus Issue of 255,307,690 AEON Credit Shares on the basis of 1 bonus share for every 1 existing AEON Credit Share held by the shareholders on the entitlement date.

Credit Card

Streamlined credit card features to demonstrate our ongoing efforts to improve our product offerings and enhance the customer experience. Additionally, we have opened the AEON Lounge in AEON Co Mid Valley and launched various collaboration campaigns with AEON Group Malaysia.



New Consumer & Corporate Website



Launched new website with a fresh look, easier navigation, updated content and improved features to enhance customer experience for both corporate and consumer audiences.

Scan the QR codes to view our consumer and corporate website.



Consumer



Corporate

SUSTAINABILITY HIGHLIGHTS



CREDIT RATING

Affirmed with AA3/Stable & A1/Stable by RAM ratings for its Senior and Subordinated Sukuk Wakalah Programme

Affirmed with P1 by RAM rating for Islamic Commercial Papers ("ICP") Programme



3,652 hours
Total Volunteer Hours for CSR



Launched Hire Purchase Financing for Electric Motorcycle



Kickstarted TCFD implementation journey with formulation of the TCFD Roadmap and completed the Climate Risk Scenario Analysis



ZERO Cyber Security Incident Reported



Improved to **"AA"** Rating For MSCI ESG



15% Carbon Emission Reduction (baseline FYE2022)



Joined the United Nations Global Compact Network Malaysia and Brunei (UNGCMYB)



RM7.83 Million of Green and Social Financing Disbursed



RM1.18 Million Total CSR Investment



5,404 Total No of Community Members Reached



Training hours improved by **39%** with a total **70,700 hours** accumulated for more than **3,000** employees

FYE2024 SIGNIFICANT EVENTS

March 2023

AFS Group introduced “Our Purpose”, which verbalizes the significance of the Group’s reason for existence, its strengths and articulates customers’ and society’s expectations from the AFS Group.



Expanded Direct Sales Counters to grow the Credit Card and Personal Financing businesses.



August 2023

Invested in Microsoft 365 to modernise the workplace with digital solutions and introduced an e-learning platform, ACE Academy, to foster continuous learning and skill development.



September 2023

Reopening of AEON Big Mid Valley Branch and IOI Mall Puchong Branch with new branch concept and setup of permanent booth to enhance the customer experience as we embark on a journey of growth and service expansion.



October 2023

Organised AEON Credit’s first Auto Financing Merchant Appreciation Dinner to celebrate the achievements of our merchants.



Hosted AEON Credit’s first Sales Carnival at IOI City Mall Putrajaya, featuring an exhilarating prize-giving ceremony for customers who won AEON Credit’s ‘Wow! Fantastik Raya’ campaign.



November 2023

Organised the second year Motorcycle Merchant Appreciation Dinner post COVID-19 to acknowledge merchants’ support and outstanding contributions throughout the year.



January 2024

AEON Bank secured approval from Bank Negara Malaysia for its operational readiness. This positions AEON Bank as the first Islamic digital bank in the country.



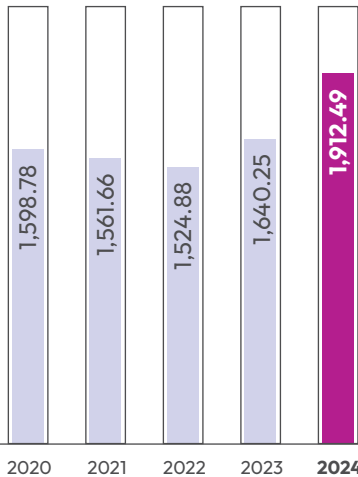
5-YEAR FINANCIAL HIGHLIGHTS

	← Group →			← Company →	
	FYE2024 RM'000	FYE2023 RM'000	FYE2022 RM'000	FYE2021 RM'000	FYE2020 RM'000
OPERATING RESULTS					
Revenue	1,912,491	1,640,245	1,524,880	1,561,660	1,598,775
Profit from operations	940,292	862,897	857,706	682,780	715,663
Profit before tax	565,174	546,976	526,820	324,907	390,441
Profit after tax	424,018	417,685	365,419	233,957	292,046
KEY FINANCIAL POSITION DATA					
Total assets	12,620,337	11,117,098	10,140,874	10,231,421	10,434,657
Financing receivables	11,535,657	10,048,613	9,101,111	9,236,046	9,704,121
Plant and equipment	105,389	114,999	144,289	137,843	141,161
Cash, bank balances and deposits	143,568	391,337	508,960	439,549	132,798
Share capital	584,012	584,012	584,012	584,012	565,448
Shareholders' equity	2,637,631	2,324,830	2,001,286	1,693,192	1,557,359
Perpetual notes and sukuk	-	200,000	200,000	200,000	200,000
Total equity	2,637,631	2,524,830	2,201,286	1,893,192	1,757,359
Borrowings	9,404,546	8,006,969	7,390,496	7,662,910	8,197,668
Total liabilities	9,982,706	8,592,268	7,939,588	8,338,229	8,677,298
STATISTICS/RATIOS					
Net earnings per share (sen) *	81.08	79.81	69.59	43.84	53.74
Net assets per share (RM) *	5.17	4.55	3.92	3.32	3.05
Net dividends per ordinary share (sen)	42.50	49.50	48.50	29.20	36.25
Return on equity	16.69	18.84	19.24	13.77	17.96
Return on assets	3.57	3.93	3.59	2.26	3.06
Capital ratio	24.42	27.17	26.88	23.98	18.87

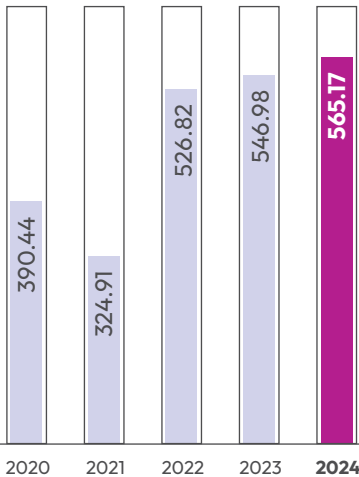
Note:

* For comparative purpose, the earnings per share and net assets per share had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 21 November 2023.

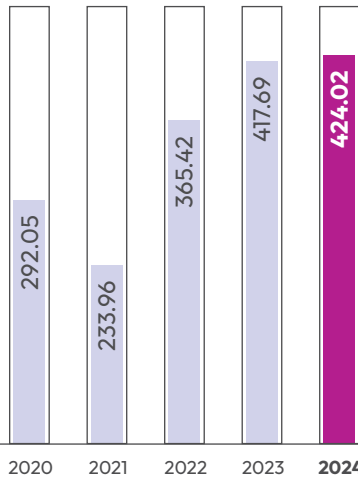
REVENUE
(RM Million)



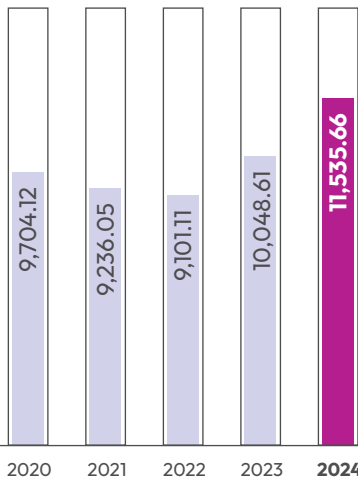
PROFIT BEFORE TAX
(RM Million)



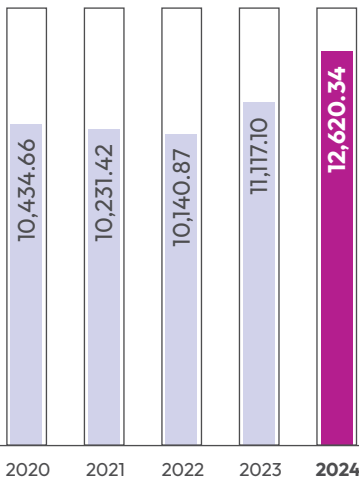
PROFIT AFTER TAX
(RM Million)



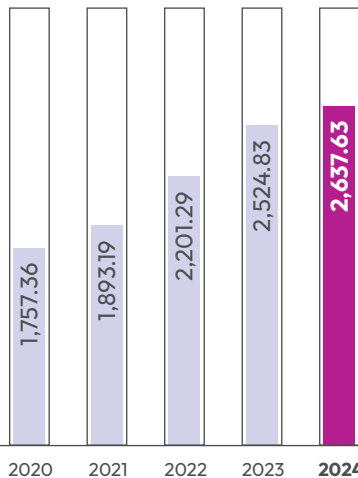
NET FINANCING RECEIVABLES
(RM Million)



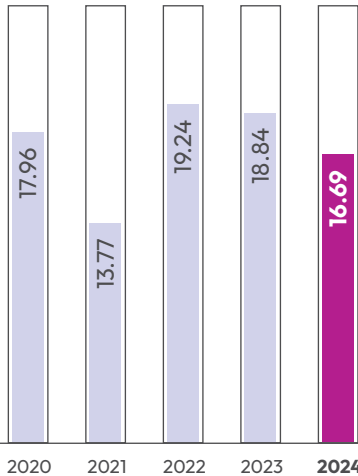
TOTAL ASSETS
(RM Million)



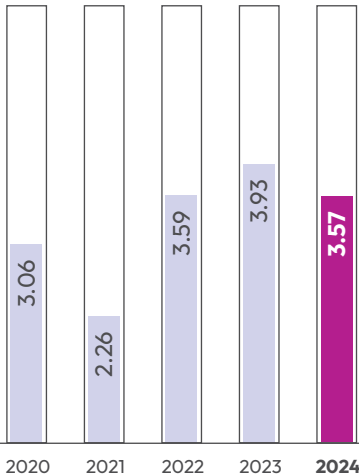
TOTAL EQUITY
(RM Million)



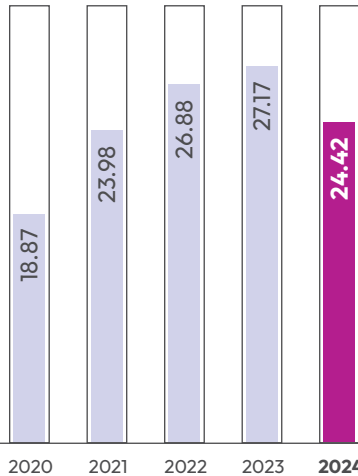
RETURN ON EQUITY
(%)



RETURN ON ASSETS
(%)



CAPITAL ADEQUACY RATIO
(%)

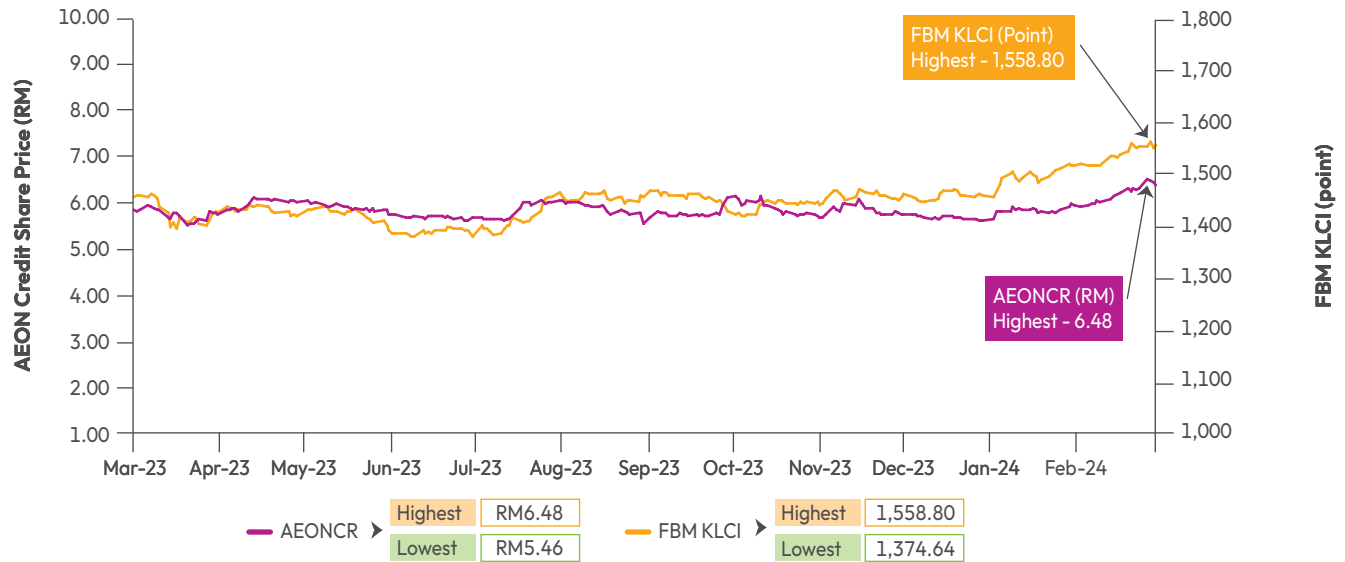


INVESTOR INFORMATION

SHARE PRICE*

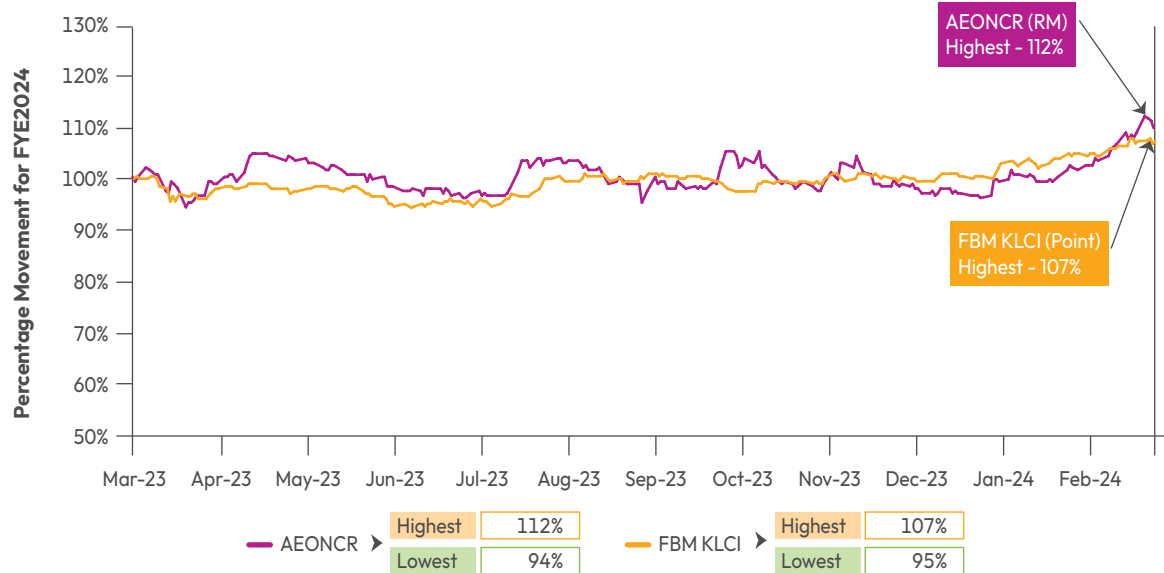
AEON Credit (AEONCR) Share Price vs FBM KLCI

(1 March 2023 to 29 February 2024)



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

(1 March 2023 to 29 February 2024)



AEON Credit (AEONCR) Share Performance

(As at 29 February 2024)

Share Price*

RM6.34

FYE2023: RM6.00

Market Capitalisation

RM3.24 billion

FYE2023: RM3.06 billion

Earnings Per Share

81.08 sen

FYE2023: 79.81 sen

Dividend Per Share

42.50 sen

FYE2023: 49.50 sen

* For comparative purpose, the share price had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 21 November 2023.

INVESTOR RELATIONS

AEON Credit has a dedicated Investor Relations team (“IR team”), led by the Chief Corporate Officer (“CCO”) and Chief Financial Officer (“CFO”). The IR team focuses on building trust and optimising shareholders’ value by fostering transparent communication; organising meetings, briefings and conferences with investors; and ensuring the dissemination of information and data in a timely and accurate manner. These include prompt circulation of financial statements to analysts and media, as well as updating of the Investor Relations website.

ANALYST BRIEFINGS

Quarterly analyst briefings with the investment community are conducted to facilitate the sharing of essential information about AEON Credit’s financial and business performance, as well as operational strategy. These serve as a primary platform for senior management to directly interface with institutional investors to outline the Group’s strategic direction and engage in discussions on financial matters. It also provides attendees the opportunity to pose insightful questions or concerns they may have regarding the Group.



CONFERENCE AND RETAIL BRIEFINGS

In FYE2024, we maintained our engagements with the investing community through conference and meetings with fund managers, bankers, researchers, analysts and investors to share the strategic plan, financial performance and other developments. Going forward, we are steadfast in our commitment to intensify stakeholder engagements, leveraging share register analysis to ensure that senior management effectively communicates pertinent operational and strategic updates to the key stakeholders.

FYE2023

21 meetings
381 participants

FYE2024

32 meetings
476 participants



RESEARCH COVERAGE

The Group remains well covered by the investment community with an active coverage of 6 research houses and is consistently monitored by buy-side analysts and fund managers domestically and globally as at end February 2024.

RESEARCH HOUSE

- ▶ Affin Hwang Investment Bank Bhd
- ▶ CLSA Securities Malaysia Sdn Bhd
- ▶ CIMB Securities Sdn Bhd
(formally known as KAF Seagroatt & Campbell Securities Sdn Bhd)
- ▶ Kenanga Investment Bank Bhd
- ▶ Macquarie Capital Securities (Malaysia) Sdn Bhd
- ▶ RHB Investment Bank Bhd

ANALYST BRIEFINGS

- ▶ **11 July 2023**
AEON Credit Q1FYE2024 Analyst Briefing Hybrid Meeting
- ▶ **27 September 2023**
AEON Credit Q2FYE2024 Analyst Briefing Hybrid Meeting
- ▶ **22 December 2023**
AEON Credit Q3FYE2024 Analyst Briefing Conference Call
- ▶ **9 April 2024**
AEON Credit Q4FYE2024 Analyst Briefing Hybrid Meeting

CONFERENCE AND RETAIL BRIEFINGS

- ▶ **6 Jun 2023**
Macquarie ASEAN Banks Tour 2023 Conference Call
- ▶ **9 August 2023**
RHB Retail Briefing Retail Briefing
- ▶ **20 November 2023**
Equities Tracker Club Meeting Retail Briefing



AEON CREDIT SERVICE

Supportive.

We work as partners to find simple and effective solutions.



REFLECTIONS FROM TOP LEADERSHIP

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



CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

I am pleased to present the AEON Credit Service (M) Berhad (“AEON Credit” or “the Group”) Integrated Annual Report for the financial year ended 29 February 2024 (“FYE2024”), highlighting our achievements, prospects and commitment towards sustainable growth.

In FYE2024, AEON Credit continued its mission to bring finance closer to everyone. In pursuit of optimising value, the Group refreshed its range of product offerings and digitalised core operations and processes to better serve customers in a very dynamic market environment.



NG ENG KIAT
Chairman



CHAIRMAN'S STATEMENT



Profit After Tax:

RM424.02 million

(FYE2023: RM417.69 million)



Earnings per share:

81.08 sen

(FYE2023: 79.81 sen)

ECONOMIC REVIEW

In 2023, Malaysia's gross domestic product ("GDP") eased to 3.7% from a high of 8.7% in 2022 amidst a global macro-economic environment that remained challenging due to worsening geopolitical tensions, ongoing inflationary pressures and trade disputes. However, Malaysia demonstrated economic resilience through strong domestic demand, favorable labor market conditions, increased tourism and progress in key infrastructure projects. Headline inflation decreased to 2.5%, while core inflation averaged 3%.

Amid global concerns such as climate change and human rights abuses, AEON Credit reaffirms its commitment to "Bring Finance Closer to Everyone", aiming to enhance customer convenience and prosperity. AEON Credit remains vigilant in monitoring asset quality, managing credit risks and balancing revenue growth with sustainable operational costs. The Group recorded a profit after tax ("PAT") of RM424.02 million as compared to RM417.69 million in the previous financial year ("FYE2023"), driven by higher interest income and fees and attributed to a 12.9% growth in gross financing receivables recorded in FYE2024 as compared to FYE2023.

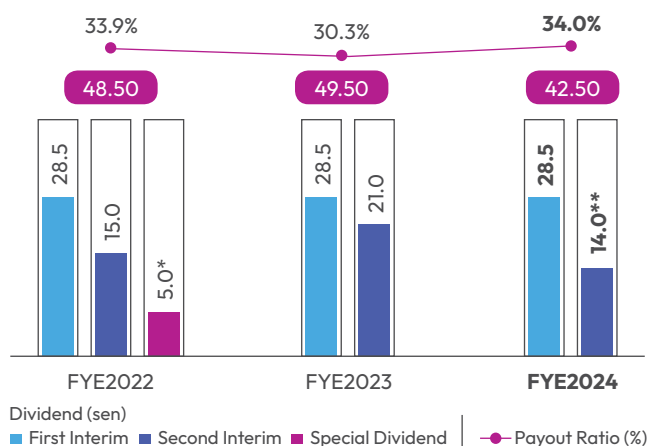
 Further details of the Group's financial performance are set out in the Management Discussion and Analysis section of this IAR.

DIVIDEND

On the back of another profitable year, the Board has recommended for the payment of a final single-tier dividend of 14.0 sen per ordinary share to be paid on 25 July 2024, subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM") to be held on a date that shall be announced

in due course. Total dividend payable for FYE2024 amounted to RM144.25 million compared to last year of RM126.38 million, marking a 14.1% increase with a payout ratio of 34.0%.

HISTORICAL DIVIDEND DATA



	FYE2022	FYE2023	FYE2024
Payout Amount (RM mil)	123.8	126.4	144.2

* Declared special dividend in conjunction with AEON Credit's 25th Anniversary celebration

** Bonus issue 1: 1 completed on 21 November 2023

CORPORATE PROPOSAL

To incentivise our shareholders for their loyalty and continuous support through the years, AEON Credit declared a bonus issue of 255,307,690 new ordinary shares on the basis of 1 bonus share for every 1 AEON Credit share held. The bonus issue would enhance the marketability and trading liquidity of AEON Credit shares, given the consequential adjustment to the share price resulting from increase in the number of shares in issue.

OUR BUSINESS PERFORMANCE

In pursuit of sustainable long-term growth and a firm commitment in delivering value to our shareholders and stakeholders, the Group remained steadfast in its strategic pursuit of future proofing its business through ongoing digitalisation initiatives of its operations and processes to improve on efficiency, productivity and enhance customers' experience. The year's achievements included:

1. Enhancing operational efficiency through digitalisation

The digital onboarding process was fully implemented during the year, improving the turnaround time to 52 minutes from 3 days previously. The enabling features included a pre-assessment process that is supported by e-mandate, e-signature, e-storage and scoring models. This enhanced efficiency has resulted in 73% surge of average online monthly applications and auto-judgement ratio now stands at 42% with the implementation of the new Loan Origination System ("LOS") 3.0, supporting our strategic acquisition of good score customers.

2. Strengthening product portfolio for sustainable receivables growth

i. Rebranding the AEON credit card as a "Must-Have Card" at AEON

We have recently streamlined our credit card offerings and revising features to provide more privileges to cardholders. This enhancement aims to position our credit card as the most privileged option within AEON, thereby attracting AEON shoppers to use our card.

The awareness of our rebranding efforts was promoted through customer acquisition activities in collaboration with the AEON Group of Companies. Additionally, we organised the first AEON Carnival themed "Bringing Finance Closer to Everyone", along with various marketing campaigns that highlight the enhanced benefits of our card. As a result, we witnessed the issuance of 77,000 new credit cards, bringing the total number of cards in circulation to 236,000.

ii. Strategic product refinement to serve the M40 customer segment

We achieved 50% growth in total Auto Financing volume supported by good merchant relationship in FYE2024. To celebrate this milestone, we hosted our inaugural Merchant Appreciation Dinner, extending our heartfelt gratitude to our valued merchants.

During the year, we have prioritised strengthening trade relationships by implementing a rewards programme for our top-performing merchants. By recognising and incentivising excellence in customer service, we aim to foster mutually beneficial partnerships and drive continued success.

3. Branch transformation to improve customer service

AEON Credit has renovated 2 branches with new brand concept and an opening ceremony was held at IOI Mall Puchong to mark this milestone as well as showcase our progressive innovation and growth. As a consequence, the branches have shown improved sales performance and better customer service after the refurbishments.

“We achieved 50% growth in Auto Financing volume supported by good merchant relationship”



42% auto-judgement ratio with implementation of LOS 3.0

CHAIRMAN'S STATEMENT

The branch revamp include replacing laptops with tablets to improve productivity by reducing application time with the versatility of tablets. Additionally, customer experience competency journey has been implemented to enhance overall customer service levels. With these changes, we observed an improvement in the Net Promoter Score ("NPS") to +30 in February 2024 and an overall improvement in our Google rating.

AEON Bank

We are pleased to announce that on 8 January 2024, AEON Bank (M) Bhd ("AEON Bank") (formerly known as ACS Digital Berhad) received approval from Bank Negara Malaysia and the Minister of Finance that AEON Bank has completed its operational readiness review and has been approved to commence its operations. This positions AEON Bank as the first Islamic digital bank in Malaysia. AEON Credit has a 50% equity interest in AEON Bank, financed through internally generated funds, with expectations of a long-term positive effect on earnings.

AEON Bank's strategy integrates Islamic digital banking into the AEON Living Zone, offering a comprehensive solution to AEON customers, vendors, suppliers, tenants and merchants, addressing evolving customer lifecycle needs and expanding inroads for cross-selling endeavors.

The phased rollout of AEON Bank's new app commences with exclusive testing involving AEON Group employees. This milestone marks a significant advancement in reshaping financial services and reaffirming AEON Credit's commitment to supporting financial inclusivity.

Empowering Sustainable Action

The Board ensures that the strategic plan of the Group supports long-term value creation with strategies on economic, environmental and social considerations underpinning sustainability.

In FYE2024, AEON Credit demonstrated its commitment to sustainability by participating in United Nations Global Compact Network Malaysia and Brunei ("UNGCMYB") Communication on Progress ("CoP"), aligning with the principles of the UNGCMYB in human rights, labour, environment and anti-corruption. The Group also responded to Bursa Malaysia's enhanced Sustainability Reporting Requirements, focusing on aligning disclosures with the Task Force on Climate-related Financial Disclosures ("TCFD") and transitioning towards a low-carbon economy. AEON Credit initiated a preliminary assessment and risk scenario analysis for TCFD, aiming to commence reporting its progress in implementing TCFD recommendations and developing a Policy of Climate Risk Management and TCFD Implementation Roadmap for implementation in FYE2025.



+30

Net Promoter Score (February 2024), marks a significant improvement in customer satisfaction and implies greater customer loyalty

The year highlighted further milestones as the Group developed a financial inclusion framework and embarked on a 3-year Sustainability Roadmap that emphasised the measures to achieve carbon neutrality targets and leveraged Sustainability-Linked Loans ("SLLs"). The framework also serves to communicate the Group's sustainability performance targets ("SPTs").

Additionally, AEON Credit has engaged in coastal cleanup activities nationwide, involving 692 volunteers and collecting 4 tonnes of debris. This initiative further amplifies its commitment to preserving Malaysia's coastal ecosystems and raising awareness about the protection of marine biodiversity. AEON Credit has also planted 1,000 mangrove saplings at Setiu Wetlands, Terengganu, involving 104 volunteers. This effort aims to rehabilitate coastal areas damaged by the recent flood and create natural wave breakers to protect the local fishing village located near river basins that converge to form a 14 km long continuous lagoon. Through these endeavors, AEON Credit reaffirms its dedication to sustainability and environmental stewardship, aligning with global and national sustainability frameworks and goals.

Empowering Governance

Emphasising positive impact, the Board has integrated AEON Credit's Environmental Management System ("EMS") principles into governance policies, ensuring compliance with environmental legislation and engaging stakeholders on environmental issues. Robust information security and risk management, cybersecurity governance, compliance with data protection laws and ethics and compliance initiatives have also been prioritised. Training and awareness programmes on Integrated Management System (QMS, EMS and ISMS) and Anti-Bribery Management Policy and Procedure are also prioritised as we work to fortify integrity and governance in all we do.

During the year under review, along with the cloud migration project, the Group has established the Framework of Cloud Security and Framework of Outsourcing Risk Management. Both frameworks are aligned with regulators requirements and aim to safeguard cloud-based information systems and services and provide guiding principles for managing outsourcing risks. Furthermore, the Group has conducted the annual Business Continuity Plan ("BCP") test and Cyber Drill Exercise concurrently to ensure the effectiveness of its recovery plan and system readiness in the event of a disaster.

One of the highlights of heightened governance within the Group was the commissioning of the Board Effectiveness Evaluation (“BEE”) which was conducted to ensure objectivity. The findings from this exercise have provided the Group with ideas to further improve the manner in which the Board operates.

Additionally, the Board also approved the consolidation of the Nominating Committee and Remuneration Committee in December 2023, renamed as “Nomination and Remuneration Committee” aimed at improving the efficiency and effectiveness of the Board in discharging its stewardship role.

Employee Development

We also prioritised the building of an empowering workplace environment. To thrive in an unpredictable employment arena, the Group emphasises the importance of gathering diverse talents, enabling them to play active roles, and fostering a culture guided by strong values and principles. By encouraging autonomous action and customer-centric thinking among employees, the Group aims to enhance efficiency, productivity and customer satisfaction, ensuring its position as a market leader. To this end, in FYE2024, the Group initiated various measures to enhance employee experience, including launching an E-Learning platform, promoting personal development and leadership programmes, and reimplementing employee engagement and well-being programmes. We invested RM3.54 million in employees training and development, resulting in an average of 21.3 hours of training per employee.

Capitalising on Growth

Looking ahead to FYE2025, the Group is poised to capitalise on the expected growth of the Malaysian economy, which is anticipated to trend higher, buoyed by the recovery in exports and resilient domestic expenditure. Household spending is projected to receive continued support from growth in employment and wages, while tourist arrivals and spending continue to improve. Additionally, investment activity is expected to remain robust, fueled by the progress of multi-year projects in both the private and public sectors.

The Group remains committed to customer-centricity, continuously expanding its product offerings, refurbishing branches, enhancing credit card offerings and digitalising core operations and processes to better serve evolving market needs.

This year, our focal point lies in the establishment of the AEON Living Zone, an initiative designed to cultivate an integrated ecosystem scalable across AEON Group entities, products and services. At the core of this endeavour is the vision of consolidating shopping and financial services under the AEON Living Zone umbrella, thus streamlining interactions and transactions for all AEON Group customers, vendors, suppliers, tenants and merchants through a unified touchpoint. To achieve this, we are on track to launch a new AEON Wallet application and introduce a Group loyalty programme by the conclusion of the year.

In Appreciation

On behalf of the Board, I extend our heartfelt appreciation to our shareholders, customers, business partners, regulators and the media for their unwavering support and trust. Your continued encouragement fuels our journey towards greater heights.

We acknowledge and express gratitude for the contributions of two esteemed Independent Non-Executive Directors - Mr. Tomokatsu Yoshitoshi and Datin Khoo Pek Ling - who concluded their terms of service during the year under review. On 27 July 2023, we warmly welcomed Ms. Chin Pik Yuen as our new Independent Non-Executive Director and a member of the Audit Committee, bringing valuable insights to our team.

Our deepest appreciation goes out to our dedicated employees, especially our frontline heroes, whose passion and commitment have been exemplary during these challenging times. Our people are our greatest asset, driving us toward a brighter future under the guidance of our strong leadership team implanted with AEON culture and ethos.

In conclusion, AEON Credit is poised for sustainable growth, anchored by our commitment to financial inclusion, innovation and customer-centricity. We remain grateful for the steadfast support of our stakeholders and eagerly anticipate delivering long-term value and fostering financial inclusion in Malaysia.

Sincerely,

NG ENG KIAT
Chairman

Note:

AEON Living Zone - an integrated ecosystem scalable across AEON Group entities, products and services, offering comprehensive solutions to customers.

Net Promoter Score - a customer loyalty and satisfaction measurement. It gauges how likely customers are to recommend a product or service to others.

MANAGEMENT DISCUSSION AND ANALYSIS



“

Living up to our purpose in “Bringing Finance Closer to Everyone”, AEON Credit continues to make positive progress in our digital transformation journey towards delivering seamless customer experiences, increasing financial inclusion and advancing a more sustainable future for our stakeholders. ”

DAISUKE MAEDA
Managing Director

CONTINUED TRANSFORMATION



Towards accelerating growth while enhancing corporate value, in FYE2024, AEON Credit has expanded its physical and digital presence through the automation and digitalisation of our onboarding platform, while maintaining a focus on sustainability. More dynamic future prospects have also emerged with the integration of AEON Bank's Islamic digital banking services into the AEON Living Zone ecosystem.



Domestic GDP in 2023

eased to **3.7%**
from a high of 8.7% in 2022
amid a challenging global
macro-economic environment



The launch of the

**digital
onboarding
process**

during the year and the
continuous focus on better
quality customers were
behind the robust growth

THE FYE2024 OPERATING LANDSCAPE

In recent years, changes in the business environment have accelerated at an increasing pace. These changes include the entry of players from other industries into the financial sector, the advancement of digitalisation driven by technological innovation and the diversification of customer values. Moreover, there has been a rising sense of understanding on global issues including climate change and human rights, and society is facing increasing uncertainty and complexity.

Volatility in the global economic environment during the year posed added challenges. Geopolitical conflicts and tensions continued to disrupt supply chains, restraining the anticipated trade recovery and contributing to prolonged global tightening of monetary policies. The resultant impact on trade led to softer than expected growth on the domestic front.

With headline inflation moderating to 2.5% in 2023 from 3.3% in 2022, Bank Negara Malaysia ("BNM") adjusted the Overnight Policy Rate ("OPR") from 2.75% to 3.00% in 2023. This posed challenges to consumer spending and credit demand, requiring agile strategies to adapt to the changing market conditions.

In response to these challenges, AEON Credit capitalised on strategic opportunities by embracing digital innovation to enhance operational efficiency, expanding its focus on the middle-income consumer segment and driving sustainable growth. These initiatives supported the Group's progress towards robust receivables growth, which increased by 12.9%, surpassing the 10% target set for the year.

The launch of the digital onboarding platform for personal financing business during the year and the continuous focus on better quality customers were behind the robust growth. At the same time, stable collection trends have ensued from the prudent tightening of credit requirements.

MANAGEMENT DISCUSSION AND ANALYSIS



Total transaction and financing volume:

↑ 16.9%
RM7.30 billion
(FYE2023: RM6.25 billion)



Gross financing receivables:

↑ 12.9%
RM12.23 billion
(FYE2023: RM10.84 billion)



Total assets:

↑ 13.5%
RM12.62 billion
(FYE2023: RM11.12 billion)



Total equity:

RM2.64 billion
(FYE2023: RM2.52 billion)



Return on equity:

16.7%
(FYE2023: 18.8%)

FINANCIAL PERFORMANCE REVIEW

The Group registered strong performance across key products for FYE2024 with total transaction and financing volume registering an increase of 16.9% to RM7.30 billion as compared to RM6.25 billion recorded in the previous financial year ended 28 February 2023 ("FYE2023").

Correspondingly, the Group's revenue increased by 16.6% year-on-year ("YoY") to RM1.91 billion from RM1.64 billion recorded a year ago, contributed by higher interest and fee income. Other income recorded at RM194.37 million mainly comprised bad debt recoveries. Brokerage fee income from AEON Insurance Brokers ("AIB") grew by 46.3% to RM13.26 million in the year.

Total operating expenses increased by 19.7% to RM1.17 billion (FYE2023: RM974.64 million), mainly arising from the higher impairment losses ("IL") on financing receivables by RM122.08 million to RM569.91 million (FYE2023: RM447.83 million) coupled with higher operating expenses in line with the increase in specific revenue-generating activities. In the pursuit of financial resilience, the Group has continuously focused on disciplined cost management to drive operational efficiency, bringing our cost-to-income ratio (excluding IL) to 28.3% as compared to 28.7% in FYE2023.

Interest expenses for FYE2024 were higher as compared to FYE2023 mainly due to higher borrowings in tandem with the receivables growth. The nominal value of borrowings as of 29 February 2024 was RM9.13 billion compared to RM7.82 billion as at 28 February 2023.

Following its subscription of shares in AEON Bank on 1 December 2023, the Group has equity accounted for its proportionate share of losses in AEON Bank in the fourth quarter amounting to RM16.58 million.

The Group's profit before tax ("PBT") rose to RM565.17 million (FYE2023: RM546.98 million) while profit after tax ("PAT") recorded a new high of RM424.02 million in FYE2024, translating to an earnings per share ("EPS") of 81.08 sen (FYE2023: 79.81 sen), restated to reflect the bonus issue of 1 for 1 which was completed on 21 November 2023.

The financial position of the Group remained strong and healthy in FYE2024, with total assets increasing by 13.5% from RM11.12 billion in 28 February 2023 to RM12.62 billion as at 29 February 2024. Net assets per share improved to RM5.17 (FYE2023: RM4.55) with total equity at RM2.64 billion as at end-February 2024.

The Group's gross financing receivables expanded by 12.9% to RM12.23 billion as compared to RM10.84 billion recorded in last financial year, primarily contributed by the growth of personal financing and easy payment financing. Net credit cost on average financing receivables was recorded at 3.35% (FYE2023: 2.57%) due to higher allowance for impairment losses resulting from lower collection performance caused by weaker debt servicing capacity of certain customer segments. To mitigate this, the Group undertook necessary measures including the implementation of risk-based collection and calling strategies to optimise manpower allocation and the adoption of Artificial Intelligence ("AI") credit scoring model to redefine the assessment process, which has translated into improved asset quality. As a result, the Non-Performing Loans ("NPL") ratio improved to 2.57% as of end-February 2024 from 2.89% a year ago.

The Group recorded a Return on Equity ("ROE") and Return on Asset ("ROA") of 16.7% and 3.6% respectively. The Capital adequacy ratio ("CAR") stood at 24.4%, with the strong capital position providing ample headroom for future growth.

Moving forward, the Group will continue to closely monitor its asset quality, prudently managing credit risks in its financing portfolios and controlling operational costs while maintaining a balanced approach to business growth.

“

The groundbreaking Electric Motorcycle Financing product to meet the growing demand in the electric vehicle financing market perfectly aligns with AEON Credit's 3-year Sustainability Roadmap and its unwavering commitment to achieve carbon neutrality by 2030. ”

MSCI ESG Rating

increased from

2022

2023



Credit Card FYE2024 Highlights

▶ New Card issuance:

↑ **138%** YOY

▶ Total number of cards in circulation:

↑ **236,000**

▶ Total credit card sales volume:

↑ **11.8%** YOY
RM1.82 billion

EPPF FYE2024 Highlights

▶ Total EPPF sales volume

↑ **18.9%** YOY

▶ Auto Financing sales volume

↑ **50%** YOY

▶ Personal Financing sales volume

↑ **29%** YOY

E-money FYE2024 Highlights

▶ Card base:

↑ **9.2%** YOY

2.62 million

▶ AEON Wallet new sign ups:

↑ **124%** YOY

BUSINESS OPERATIONS REVIEW

Easy Payment and Personal Financing Business

Easy Payment and Personal Financing (“EPPF”) business is the cornerstone of our business. AEON Credit offers a range of financial products and services to meet the diverse needs of our customers, including Personal Financing, Motorcycle Financing, Auto Financing, Objective Financing and Small and Medium Enterprise (“SME”) Financing. In FYE2024, EPPF remained the primary driver of revenue and profit growth for the Group.

During the year under review, despite heightened competition from new entrants in the lending industry and weaker collection performance due to inflationary pressures, AEON Credit prioritised fortifying its digital onboarding process to deliver a seamless customer experience and provide instant approval to good quality customers. Additionally, we launched merchant management programmes aimed at acquiring better quality customers and enhancing our asset quality.

As a result, total financing volume generated by EPPF business surged by 18.9% to RM5.28 billion in FYE2024 as compared to RM4.44 billion in FYE2023. Auto Financing and Personal Financing are the key drivers for the year, with 50% and 29% growth respectively as compared to FYE2023. However, the growth of Motorcycle Financing and Objective Financing was affected by credit policy refinement to enhance the asset quality. To counterbalance this, we expanded our presence in the used car market to attract higher-quality customers by enriching customer service.

AEON Credit, with its steadfast dedication in integrating sustainable practices into our core business offerings and operations, has introduced a groundbreaking Electric Motorcycle Financing product to meet the growing demand in the electric vehicle (“EV”) financing market. This initiative perfectly aligns with AEON Credit's 3-year Sustainability Roadmap and its unwavering commitment to achieve carbon neutrality by 2030.

MANAGEMENT DISCUSSION AND ANALYSIS



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Throughout the year, we enhanced card features to offer more privileges to AEON shoppers aiming to position our card as a “Must-Have Card” in the AEON ecosystem.”

Payment Business

Payment business growth strategies was driven by credit card rebranding and the expansion of our acquisition channels. Throughout the year, we enhanced card features to offer more privileges to AEON shoppers aiming to position our card as a “Must-Have Card” in the AEON ecosystem. Additionally, we mobilised direct sales team at AEON Stores, established permanent booths in prominent malls and introduced new and exciting branch concepts to further enrich customer experience and increase service efficiency. These efforts contributed to 138% increase in new card issuance, bringing the total number of cards in circulation to 236,000.

We also focused on improving discipline, customer service etiquette and knowledge of our recruiters to enrich our customer onboarding experience. This involved ongoing customer service upskilling and retraining to cultivate product understanding and improve productivity.

Consistent marketing campaigns were rolled out throughout the year to boost customer spending. We actively promoted AEON Credit Cards in AEON Stores, AEON Malls and other prominent malls through collaborative festive campaigns.

As a result, total credit card sales transactions and financing volume increased by 11.8% to RM1.82 billion, with receivables increasing by 10.6% to RM793.90 million.

Acquiring transactions volume increased by 20.0% to RM3.05 billion compared to RM2.55 billion in FYE2023. A significant portion of acquiring transactions, amounting to RM1.86 billion, or an increase of 7.4%, came from AEON Group of Companies through 12,857 terminals deployed at its retail payment counters, reflecting an increase in consumer spending and footfall.

E-money transactions rose by 12.22% to RM201.14 million (FYE2023: RM179.24 million) driven by a 2.62 million, or 9.2% YoY, growth of AEON Member Plus (“AMP”) card base. Furthermore, accelerated growth in the use of the AEON Wallet, led by functional enhancements, attracted over 425,000 new sign-ups, marking a 124% YoY increase, with the average active ratio improving to 30.7%.



IOI Mall Puchong Branch Opening

STRATEGIC REVIEW

Focusing on delivering exceptional customer experiences and personalised solutions has enabled us to strengthen customer loyalty and drive long-term value. AEON Credit remains steadfast in its commitment to elevating customer satisfaction and experience, as evidenced by several key initiatives implemented throughout the year:

1. Delivering Univalled Customer Service to Enhance Customer Experience

Our commitment to improving customer service is supported by our ongoing branch transformation initiatives. During the year, we revamped 2 branches with a new concept, established permanent booths at prominent malls and set up 10 direct sales teams to enhance our physical network and customer touchpoints. Additionally, our financial services counter offers one-stop services, enabling us to enhance cross-sell opportunities and deliver an all-round service experience with excellence, aligning with our purpose of bringing finance closer to our everyone.

Furthermore, the Group has intensified its brand visibility efforts to boost financing growth by launching a new brand book in the first half year and driving the market visibility via multiple touchpoints, including billboards and mall advertising placements. Additionally, we have also initiated our first brand product transformation journey, outlining a more defined Go-To Market ("GTM") strategy to further strengthen our product proposition.

Our frontline staff nationwide have been recognised for their outstanding service, receiving more than 4,000 compliments through our Service Excellence Awards programme, showcasing our dedication to providing outstanding customer care. Additionally, our focus on digitalisation has played a pivotal role in improving customer convenience and accessibility.

Through meticulously tracked digitalisation projects, our staffs are equipped with the necessary skills and resources to effectively address customer needs.

Additionally, our ongoing branch service improvement plans include a regular mystery shopper programme and the refinement of customer service framework. These initiatives collectively contributed to an achievement of our Net Promotor Score ("NPS") score of +30 in February 2024, providing our teams with greater energy to innovate and prioritise customer-centric initiatives.

2. Digital Onboarding

Our introduction of digital onboarding for personal financing streamlines the application to disbursement process, supported by advanced technologies like biometric verification and digital signatures, significantly shortening the onboarding process from 3 days to just 52 minutes for customers with good credit scores, thereby improving the customer experience, boosting satisfaction and reduce drop-offs. This represents a new paradigm in customer service for AEON Credit and serves as a key competitive advantage as we expand our presence both physically and digitally.

The implementation of E-Record Management systems and E-Mandate contributes to efficiency gains by reducing manual processes and paperwork. The E-Record Management system has notably improved storage efficiency. Enrolment via E-mandate has resulted in more than RM30,000 per month in paper costs savings since its launch, in line with our environmental sustainability drive. We will continue to drive adoption rates via awareness campaigns. Furthermore, our proactive approach to onboarding customers onto our digital platforms has led to the introduction of new mobile app functionalities allowing customers to conveniently access and manage their accounts at their preferred pace.

MANAGEMENT DISCUSSION AND ANALYSIS



Our Sustainability Performance Targets under the Sustainability-Linked Loans for Green and Social Financing have surpassed targets of RM5 million and a 15% reduction in GHG Scope 1 and Scope 2 emissions compared to our FYE2022 baseline. ”

3. Operation Efficiency

Several initiatives were undertaken to enhance operational efficiency within the organisation. The implementation of the new Loan Origination System (“LOS”) 3.0 for auto-assessment streamlines the credit assessment processes, leading to straight-through approvals and improved approval turnaround time. Leveraging AI-based solutions for collection risk assessment and utilising AI credit scoring methods, as alternative scorecard has led to 5% increase in approval ratios and improved decision-making accuracy.

Overall, these initiatives collectively contribute to operational efficiency by improving the processing turnaround times within one hour to 46.9% in February 2024, enhancing accuracy in decision-making, improving risk management practices and leveraging technology to automate manual tasks. this ultimately leads to a more streamlined and effective operations.

Looking ahead, AEON Credit acknowledges the evolving landscape of customer service and is poised to address the challenges of digital transformation acceleration. With an emphasis on mobile technology and the introduction of self-service functionalities, we are dedicated to ensuring that our customers can access our services with ease and convenience, reflecting our commitment to delivering intelligent and responsive solutions to meet their evolving needs.

4. Elevating Employee Potential and Wellbeing

We launched a transformative E-Learning platform, marking a significant milestone in enhancing our employees’ learning and development journey. This platform is a foundation of our commitment to nurturing our workforce’s potential through customised development programs and leadership training, essential for fostering a robust talent pipeline.

A standout feature of this platform is its social feed, enabling employees to share insights and feedback, thus promoting a culture of continuous learning and improvement. This initiative led to a 39% increase in training hours, accumulating towards a total 70,700 hours for more than 3,000 employees.

Acknowledging the vital role of holistic wellbeing in productivity and engagement, we revitalised our employee wellbeing programs following the pandemic hiatus. We launched an extensive range of initiatives, including 21 wellness programs and 25 engagement activities nationwide, directly involving 3,000 employees. These initiatives were complemented by the implementation of the employee flexible benefits scheme, designed to cater to the varied needs of our diverse workforce.

5. ESG & Sustainability

In our pursuit of sustainable practices, we have diligently implemented a 3-year Sustainability Roadmap, focusing on our environmental commitments such as achieving carbon neutrality. We are proud to report that our Sustainability Performance Targets (“SPTs”) under the Sustainability-Linked Loans (“SLL”) for Green and Social Financing have surpassed targets of RM5 million and a 15% reduction in GHG Scope 1 and Scope 2 emissions compared to our FYE2022 baseline. Additionally, our commitment to biodiversity projects including reforestation and coastline preservation, underscores our dedication to combatting climate change.

In 2023, AEON Credit became a member and participant of the United Nations Global Compact Malaysia and Brunei (“UNGCMYB”) as part of our goal to align strategies and operations with its Ten Principles, which cover human rights, labour, environment and anti-corruption. It also allows us to expand our network and collaborate on initiatives that will advance our societal goals. Moreover, we are preparing for Bursa Malaysia’s enhanced Sustainability Reporting Requirements, particularly aligning with the Task Force on Climate-related Financial Disclosures (“TCFD”) through the development of Climate Risk Management Policy and TCFD Implementation Roadmap to manage climate-related risks in a transparent manner. Lastly, we are developing a financial inclusion framework that aims to promote economic stability and trust amongst the underserved communities.



2024 ASEAN Fintech Excellence Award

CHARTING A DISTINCTIVE FUTURE

Looking towards FYE2025, we are poised to capitalise on opportunities, navigate challenges, and drive sustainable growth while upholding our commitment to excellence, integrity and responsible business practices.

We are buoyed by a sense of optimism on our growth trajectory, which hinges on several key drivers. Firstly, our commitment to strategic expansion remains unwavering as we continue to broaden our market footprint and explore new revenue sources. Concurrently, our accelerated focus on digital transformation stands as a cornerstone of our growth strategy, aimed at streamlining operations, enhancing customer engagement and fostering operational excellence through innovative technological solutions.

ACKNOWLEDGEMENTS

I want to extend my heartfelt gratitude to the entire AEON Credit team for their unwavering dedication and hard work throughout this fiscal year. The synergy and collective determination within the AEON Credit community have once again guided us through challenges, showcasing our resilience and unity.

I am profoundly appreciative of the Board for their invaluable guidance which has been instrumental in our journey of success. Together, we have achieved commendable results, a true reflection of our tireless efforts.

A special thank you goes out to our cherished customers, whose loyalty inspires us to uphold the highest standards of professionalism and integrity in serving you. To our esteemed business partners, shareholders and all stakeholders, your unwavering support is integral to our growth story.

Embracing growth together, we remain committed to integrating sustainability into our business practices. As we pivot towards the future, our focus on inclusive financial services and digital innovation, coupled with a steadfast dedication to sustainable impact, promises to deliver enhanced value to all involved in our journey.

Together, let's continue to nurture connections and embrace opportunities for collective growth.

DAISUKE MAEDA
Managing Director

“

As we pivot towards the future, our focus on inclusive financial services and digital innovation, coupled with a steadfast dedication to sustainable impact, promises to deliver enhanced value to all involved in our journey. ”

Inclusive.

We uphold our legacy,
but are always open to
new perspectives.



STRATEGIES TO CREATE VALUE

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- 38 Value Creation Model
- 40 Key Risks and Mitigation
- 42 AEON Credit's Strategic Direction

OUR OPERATING LANDSCAPE

THE GLOBAL ECONOMY

In 2023, global growth slowed amid a challenging economic environment, with global growth moderated to 3.1% (2022: 3.5%). The main contributors to this moderation were tight monetary policies and elevated inflation. The impact of these factors was partially mitigated by robust wage growth and drawdown from excess savings. China's growth rebounded briefly in early 2023 after it re-opened in the aftermath of the COVID-19 pandemic. The rebound was rather shortlived, as economic activity was dampened by a property market downturn and softer external demand.

Meanwhile, advanced economies experienced a rather mixed growth performance. The US benefitted from strong consumer spending amid tight labour markets, while the euro area experienced a slowdown due to high energy prices and weak real income growth. Banking stress in the US and Europe during the early part of the year raised concerns about broader contagion risks, prompting swift responses from central banks and supervisory authorities to contain the impact. Of great significance, global trade growth decelerated to 0.4% (2022: 5.2%) amid weaker demand conditions, global technology downcycle, inventory correction and continued spending rotation from goods to services. Nevertheless, softening demand alongside the reopening of economies allowed supply chain conditions to normalise to pre-pandemic levels, while recovery in global tourism activities partially offset the moderation in goods trade.

(Source: Economy and Monetary Review 2023, Bank Negara Malaysia)

THE OPERATING LANDSCAPE IN MALAYSIA

The Malaysian economy grew by 3.7% (2022: 8.7%) despite facing challenges stemming from weak external demand, disruptions in commodity production and higher cost of living. Growth was mainly supported by resilient domestic demand and recovery in tourism activities. On the external front, exports declined due to subdued global demand, lower commodity prices and shifts towards services spending. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Private sector capital spending drove overall investment activity, particularly in information technology and electrical and electronics ("E&E"). In tandem with external trade performance, export-oriented industries saw some moderation in growth. Nonetheless, all sectors continued to expand in 2023.

(Source: Economy and Monetary Review 2023, Bank Negara Malaysia)

In light of the operating landscape in 2023, the following key market trends that influence our business approach:

Key Market Trend	Implications to Stakeholders	Opportunities	Our Strategies
Slowdown in Global Economic Environment - Weaker global growth arising from tight monetary policy, inflationary pressure, geopolitical tensions resulting in lower consumer demand and trade growth globally - Malaysia's economic growth impacted by sliding exports and the global slowdown Link to Key Risks R1 R4	- Potentially weaker customers' repayment ability - Potential erosion of asset quality as non-performing loan increases	Identify gap and enhance credit scoring model and collection approach to be in line with current business environment	- Integrated Artificial Intelligence ("AI") based credit scoring model to enhance portfolio management and improve auto approval ratio - Refined credit policies on younger customers from lower disposable income group and increase down payment requirement for new to credit customers - Improved collection strategy and productivity with the adoption of AI risk-based calling model

OUR OPERATING LANDSCAPE

Key Market Trend	Implications to Stakeholders	Opportunities	Our Strategies
Acceleration of Digital Transformation - Customers are increasingly more digitally-savvy, driving demand for technological innovations that offer greater customer convenience and enhanced onboarding experience - Products and service offerings are increasingly transitioning to digital channels, with increasing competition from existing and new players to provide new and intuitive digital offerings Link to Key Risks R2 R3 R4	Customers have access to faster and seamless transactions with user-friendly interfaces	- Upskill workforce and infrastructure to increase productivity - Digitalisation leveraging on the advancement of technology enhances customer experience and improves operational efficiency which leads to better productivity and cost efficiency	Launched several digital initiatives to cater to the diverse needs and preference of our customer: - Enhanced customer experience with digital on boarding to achieve 24 hours loan disbursement - Upgraded AEON Wallet user interface and functionally enhancement to increase usability - Continue leverage on customer data platform for cross selling - Continue accelerate its digitalisation efforts to complete the digital onboarding for credit card - Continue upgrade and enhance its Information and Communications Technology ("ICT") infrastructure to create seamless connection within the AEON Living Zone
Persistent Competition for Lending Business Competitive new players comprising digital banks and non-bank players such as e-Wallet providers and FinTech companies Link to Key Risks R2 R3 R4	Various financial solutions in the market offer fast and seamless transactions	- Provide financial offerings through AEON Bank as well as deliver seamless customer experience will gain greater growth opportunities - Efficient service delivery and enhanced customer experience will provide a competitive edge for the Group to tap on business growth	- The Group will continue to deliver efficient customer service through its physical network and digital channels - To remain relevant and competitive and will further enhance its products and service capabilities to cater to the evolving needs of customers

Key Market Trend	Implications to Stakeholders	Opportunities	Our Strategies
Human Capital Ability to retain and attract talent, especially younger and tech-savvy individuals influenced by the rapid changes in the digital environment and the higher salaries and better work-life balance offered by other industries Link to Key Risks R2 R3	With rapid digital transformation, employees' skills may mismatch particularly in areas such as digital and data analytics	The employment market is expected to remain stable, with an unemployment rate projected to range between 3.2% and 3.4% in 2024. We will continue to enhance our human capital management practices, focusing on improving competencies and fostering a culture that attracts young talent	- Continue to invest in training and development programs to upskill and reskill our employees in key digital areas such as cybersecurity, AI and Microsoft Power BI - Integrating talent pipeline into business continuity - Offer competitive remuneration and benefits drive employee retention - Invested in various well-being initiatives to foster a greater sense of belonging and loyalty amongst employees
Continued Emphasis ESG Effort Heightened regulatory and reporting requirements related to sustainability governance, disclosure and risk management Link to Key Risks R2 R4	- Customers are provided with a wider array of sustainable products and services, enabling them to have responsible choices regarding sustainability - Financial inclusion for underserved communities	- Put in place effective policies and procedures to ensure effective implementation of our 3-year Sustainability Roadmap - The growing prominence of ESG has offered rising opportunities for green financing	- Continue the various social initiatives for local community through Malaysian AEON Foundation - Established TCFD roadmap formulation, identifying climate-related risk, mitigation and opportunities - Expanded Green and Social Financing by introducing Hawkers and Petty Traders Financing and Electric Motorcycle and Scooter Financing

VALUE CREATION MODEL

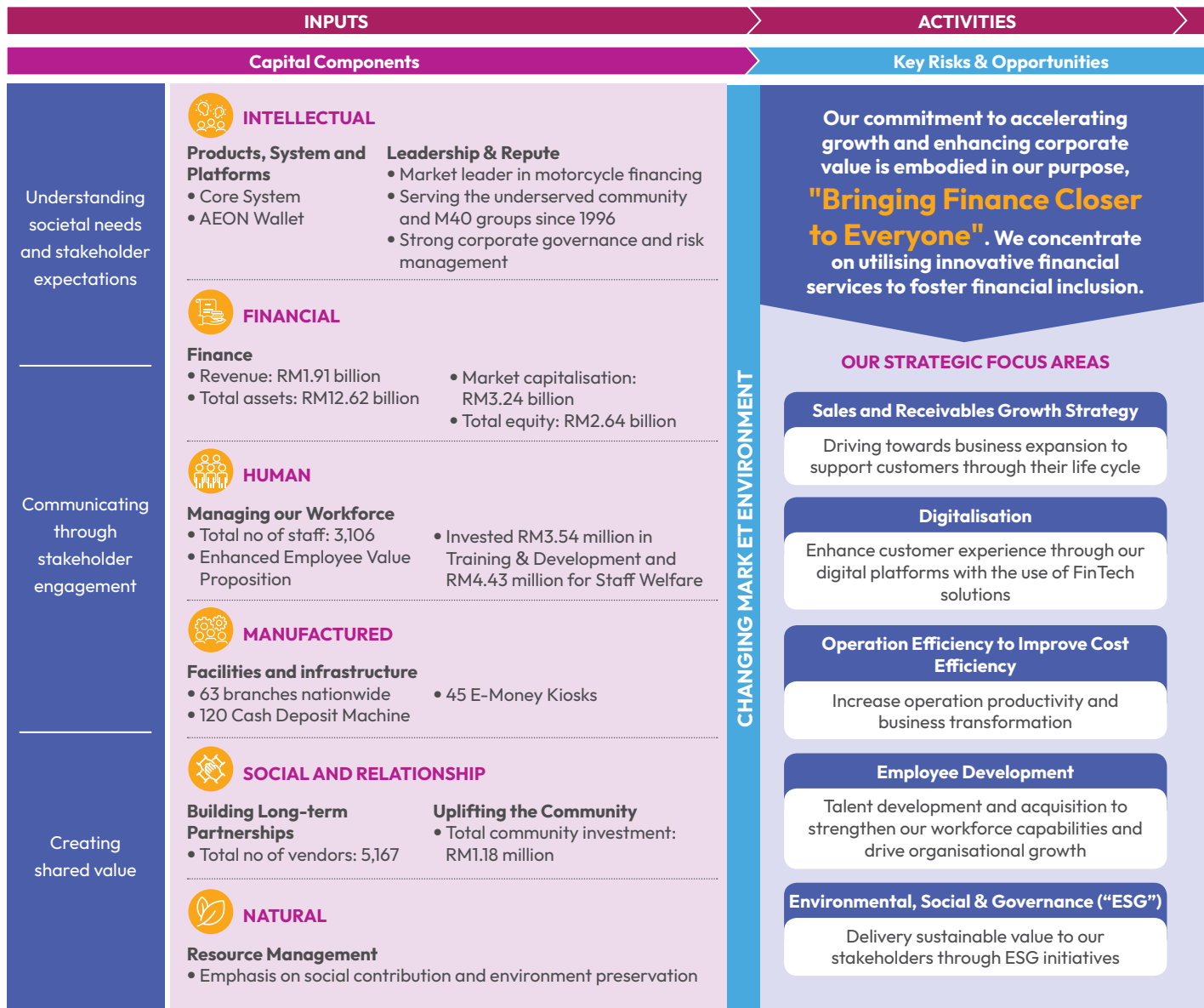
OUR CORPORATE PHILOSOPHY

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



OUR MISSION

To provide a wide range of consumer financial services that best meet customer needs and we are committed to serving 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



CHANGING MARKET ENVIRONMENT

OUR PROMISE TO OUR STAKEHOLDERS

AEON CREDIT AND OUR CUSTOMERS

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



AEON CREDIT AND THE LOCAL COMMUNITY

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



AEON CREDIT AND OUR BUSINESS PARTNERS

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

▶ AEON FOUNDATIONAL IDEALS

- Pursuing PEACE
- Respecting HUMANITY
- Contributing to LOCAL COMMUNITIES
- Continuous INNOVATION
- Always with CUSTOMER as our starting point

▶ OUR HUMAN RESOURCE PRINCIPLES



Fairness



Respect



Openness
to Change



Rationality



Ability
Development

STRATEGIC DRIVERS

OUTPUTS

Solutions

Impact on Stakeholders

R1

CREDIT RISK

Minimise and control the potential losses through credit risk management policy and various internal risk management measure

R2

FINANCIAL RISK

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

R3

OPERATIONAL RISK

Managing risks associated with daily operations through risk identification and prevention

R4

TECHNOLOGY AND CYBER RISK

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

KEY PRODUCTS, SOLUTIONS & IMPACT

Inclusive of Credit Services that meet the needs of the underserved and M40 groups



PRODUCT FINANCING

- Auto Financing
- Motorcycle Financing
- Objective Financing



PERSONAL FINANCING

AEON i-Cash based on unsecured Shariah compliant



CREDIT CARDS

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

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



PREPAID CARDS AND AEON WALLET

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



SME FINANCING

Small and medium enterprises equipment financing



INSURANCE

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

INNOVATIVE SOLUTIONS TO OUR CUSTOMERS

- Investment in data analytics to enhance product offerings to customers
- Strategic collaborations with AEON Group and over 7,700 merchants
- 48% of Easy Payment application underwent pre-assessment
- Rated AA for MSCI ESG

ENSURING ACCESS AND CONVENIENCE FOR OUR CUSTOMERS

- AMP cards in circulation: 2.62 million
- AEON Wallet downloads: 2.53 million
- Launched online application of AEON Credit products via AEON Wallet and website
- Number of transaction conducted over AEON Branches: 645,000

GENERATING FINANCIAL VALUE FOR ECONOMY AND SHAREHOLDERS

- Profit after tax: RM424.02 million
- Dividend per share: 42.50 sen
- ROE: 16.70%
- Earnings per share: 81.08 sen
- Income tax paid: RM126.96 million

NURTURING OUR WORKFORCE

- Group's total remuneration for FYE2024: RM246.08 million
- Employee retention rate: 81.8%
- Average hours of training provided to employees: 21.32 hours (per employee)
- Board positions held by women: 44%
- Ratio of male to female employees: 1:2

SUPPORTING INDUSTRY AND COMMUNITY GROWTH

- Total payment to local vendors: RM422 million
- Total no of communities reached: 5,404 pax
- Total volunteer hours for CSR programmes: 3,652 hours

MANAGING RESOURCES AND ENHANCING ENVIRONMENTAL AWARENESS

- Environment preservation programmes
- Established TCFD roadmap formulation
- Achieved first year SPT-1 and SPT-2 for Sustainability-Linked Loans ("SLL") performance targets

Responding to feedback & change

Communicating through stakeholder engagement

▶ AEON CREDIT AND OUR SHAREHOLDERS

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

▶ AEON CREDIT BASIC APPROACH TO PERSONNEL

We honor the abilities and achievements of our personnel regardless of nationality, age, gender or status. We nurture a working environment characterised by pride, freedom and open-mindedness, fostering employee development.

KEY RISKS AND MITIGATION

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

CREDIT RISK

- R1** Credit risk measures the potential losses that are dependent on the borrower's ability and willingness to repay financial obligations in a timely manner.

Impact On Value	Mitigation Strategies	FYE2024 Results
- Surge in impairment losses and non-performing loans - Lower profitability and growth performance Link to Impact on relevant Capital   	- Implement an appropriate and effective Policy on Credit Risk Management - Adopt risk-based approach to identify potential distress early and take prompt recovery actions - Set aside adequate provisions for credit losses whilst achieving acceptable risk versus reward performance - Establish appropriate Key Risk Indicator i.e. non-performing loans ("NPL") ratio and net credit cost ("NCC") ratio to monitor performance - Conduct credit risk stress test scenarios to manage potential vulnerabilities	- The NCC ratio is within the "Satisfactory" threshold - The NPL ratio is within the "Alert" threshold. However, the month-on-month trend shows steady improvement attributed to the continuous efforts of reviewing the approval criteria and intensifying the collection activity - The credit risk stress test results are within the tolerance limits, in all scenarios

FINANCIAL RISK

- R2** Financial risk includes liquidity risk, interest rate risk and currency risk. Liquidity risk refers to the ability to fund potential asset growth and the continued ability to meet financial obligations as they become due.

Impact On Value	Mitigation Strategies	FYE2024 Results
- Unavailability of funds to sustain business - Insufficient cash to meet financial obligations Link to Impact on relevant Capital  	- Implement an appropriate and effective Policy on Financial Risk Management - Maintain diversified and balanced funding portfolio - Prudent capital management - Establish appropriate Key Risk Indicators such as capital adequacy ratio and profitability ratio - Conduct interest rate risk and liquidity risk stress test scenarios to manage potential vulnerabilities	- The capital adequacy ratio and profitability ratio are within the "Satisfactory" threshold and well above the regulatory requirement - The interest rate risk and liquidity risk stress test results are within the tolerance limits, in all scenarios

OPERATIONAL RISK

- R3** Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events.

Impact On Value	Mitigation Strategies	FYE2024 Results
- Substantial loss due to fraud and bribery - High staff attrition rate - Significant penalties and fines due to regulatory breaches - Loss of productivity and performance - System/service disruption Link to Impact on relevant Capital     	- Implement an appropriate and effective Policy on Operational Risk Management - Zero tolerance for internal fraud and bribery activities, while controls are in place to effectively check for external fraud - Ensure an effective control over attrition by implementing sound human resource policies and practices - Adhere to the applicable laws and regulations - Introduction of new products or services are subject to an evaluation process to ensure all related risks are identified and mitigated - No appetite for health and safety risk exposure that could lead to injury or loss of life to customers and employees - Establish appropriate Key Risk Indicators for incident monitoring i.e. fraud and bribery, staff attrition rate, regulatory breaches, health and safety as well as systems uptime - Adhere to Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") that have been put in place	- The fraud and bribery, staff attrition rate, regulatory breaches and health and safety are within the "Satisfactory" threshold - The systems uptime is mostly within the "Satisfactory" threshold

TECHNOLOGY AND CYBER RISK

- R4** Technology and Cyber risk is the combination of the probability of an incident occurring within the realm of the Group's information system assets and operating environment.

Impact On Value	Mitigation Strategies	FYE2024 Results
Financial loss and reputation damage due to breaches in data integrity and availability Link to Impact on relevant Capital   	- Implement an appropriate and effective Policy on Cyber and Cloud Security - Develop and implement Cyber Security Programs to strengthen the Group's information systems, including cyber security drill - Implement an Information Security Management Systems ("ISMS") to secure information, increase resilience to cyber attacks and reduce the costs associated with information security - Conduct continuous cyber security awareness programs/trainings such as phishing email attack tests and e-learning modules on information security - Perform the assessment of the vulnerabilities of its operating environment - Conduct annual penetration tests on internal and external network infrastructure as well as critical systems - Establish appropriate Key Risk Indicators to monitor/manage cyber risk	- The cyber risk is within the "Satisfactory" threshold - Vulnerabilities Assessments and penetration tests had been conducted to identify risks related to Information Technology ("IT") security and cyber security



Intellectual



Financial



Human



Manufactured



Social and Relationship



Natural

AEON CREDIT'S STRATEGIC DIRECTION

AEON Credit's strategic direction is geared towards fulfilling its AEON Purpose, serve as the guiding principle for all employees to foster financial inclusion by leveraging innovative financial products and services. We strive to provide access to finance for all, especially underserved groups, through tailored solutions that meet their evolving needs.

STRATEGIC FOCUS AREA

AEON Credit's business plan outlines the initiatives aligned with the Group's strategic direction and risk appetite. The Group takes into consideration market developments, industry trends and stakeholders' expectations in the development and review of its annual business plan.

Strategic Focus Areas/Initiatives	Related Material Matters
Building an AEON Ecosystem Connect the AEON ecosystem via a common identification to facilitate cross-selling and offering "Retail x Financial" solutions through new AEON Wallet application  Related Capitals  Related Principal Risks  Related Stakeholders   	- Sustainable Finance and Financial Performance - Excellent Customer Experience, Support & Access - Data Security, IT Infrastructure & Digital Transformation - Business Innovation, Responsible Marketing, Product & Service Design
Drive Operation Efficiency Automated assessment and implementation of new collection system to boost operational efficiency and productivity  Related Capitals  Related Principal Risks  Related Stakeholders   	- Sustainable Finance and Financial Performance - Data Security, IT Infrastructure & Digital Transformation - Excellent Ethics, Governance, Risk & Compliance
Strengthen Business Capacity Exploring new revenue streams for future growth  Related Capitals  Related Principal Risks  Related Stakeholders   	- Strategy Community Investment - Sustainable Finance and Financial Performance - Excellent Ethics, Governance, Risk & Compliance
ESG & Sustainability Actively contributing to the local community and integrating sustainability initiatives into our business model  Related Capitals  Related Principal Risks  Related Stakeholders   	- Environmental Management - Transparency in Procurement Process - Strategic Community Investment
Talent Development Strengthen talent development and acquisition efforts to bolster business transformation, while revamping the recruitment function to foster the development and growth of employees  Related Capitals  Related Principal Risks  Related Stakeholders   	- Employee Health, Safety and Well-being - Employee Benefits, Employee Engagement Programmes

KEY PERFORMANCE INDICATORS

To ensure the AEON Credit stays on track to meet its strategic goals and commitment for the purpose of creating sustainable values for all the Group's stakeholders, Key Performance Indicators are set and continuously monitored.

Indicator	Gross Loan Growth	Cost to Income Ratio ("CIR")	Return on Equity ("ROE")
Target for FYE2024	± 10.0%	<30.0% *	± 13.0%

* Exclude impairment losses



Committed.

Our mission is to
serve and continue
improving service
levels.

LEADERSHIP TEAM

44 Board of Directors' Profiles

49 Key Senior Management Profiles

BOARD OF DIRECTORS' PROFILES

NG ENG KIAT

Chairman
Non-Independent
Non-Executive Director



 Male

 71

 Malaysian

 Board Meetings Attended 16/16

Skills & Experience:

Ng Eng Kiat was appointed as the Chairman of AEON Credit Service (M) Berhad ("AEON Credit") on 8 May 2018. Prior to his appointment, he was an Independent Non-Executive Director of AEON Credit since 7 August 2007 and subsequently re-designated as a Non-Independent Non-Executive Director on 23 January 2019.

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

Presently, he is the Senior Partner/Adviser of the merged firm of Chartered Accountants practising under the names of Azman, Wong, Salleh & Co and Folks DFK & Co. He is also a director of several private limited companies that provide professional services in relation to his role at the merged firm.

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

Shareholding:

42,642 ordinary shares

DAISUKE MAEDA

Managing Director



 Male

 48

 Japanese

 Board Meetings Attended 15/16

Skills & Experience:

Daisuke Maeda was appointed as the Managing Director of AEON Credit on 23 June 2021. Prior to his appointment, he was the Managing Director of AEON Credit Service India Private Limited from July 2017 until June 2021.

Maeda holds a Bachelor's Degree in Sociology from Kansai University, Japan. He started his career at AEON Credit Service Co., Ltd. from 1999 until 2005. He was transferred to AEON Thana Sinsap (Thailand) Public Company Limited ("PCL") in August 2005. Later, he was appointed as the Senior Vice President and Head of Sales & Marketing, holding various positions throughout the years until February 2010.

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

Currently, he is also a Non-Independent Non-Executive Director of AEON Insurance Brokers (M) Sdn. Bhd. ("AEON Insurance Brokers") and a Non-Independent Executive Director of AEON Bank (M) Berhad ("AEON Bank") (formerly known as ACS Digital Berhad), an associate company of AEON Credit.

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

Shareholding:

N/A

S SUNTHARA MOORTHY A/L S SUBRAMANIAM

Independent
Non-Executive Director



Male



62



Malaysian



Board Meetings Attended 16/16



DATUK ADINAN BIN MANING

Senior Independent
Non-Executive Director



Male



67



Malaysian



Board Meetings Attended 16/16



Skills & Experience:

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

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

He was appointed as the Chairman of AEON Insurance Brokers with effect from 1 July 2023.

At AEON Credit today, he is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company. He does not hold any directorship in other public or public listed companies.

Shareholding:

N/A

Skills & Experience:

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

Datuk Adinan has 38 years of working experience of which 30 years has been in banking. He started in 1980 with Bank Bumiputra Malaysia Berhad and had in the last 10 years of his career served as the Chief Executive Officer of Bank Simpanan Nasional ("BSN"). Throughout his career he had exposure in various industries such as property development and construction, manufacturing, loan recovery, assets management, investment and insurance.

On 1 September 2019, he was appointed as a Board member of Urusharta Jamaah Sdn. Bhd. ("UJSB"), a company owned by MOF Inc. Presently, he is the Chairman of its Board Audit and Risk Committee and a member of its Nomination and Remuneration Committee.

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

He had also served as the Non-Executive Chairman of Prokhas Sdn. Bhd. and Non-Executive Chairman of BSNC Corporation Berhad. He was also a Board member of BSN, Prudential BSN Takaful Berhad, Permodalan BSN Berhad and Gibraltar BSN Life Berhad. He was an Independent Director of TH Heavy Engineering Berhad ("THHE") as well as THHE Fabricators Sdn Bhd of which both companies are subsidiaries of UJSB since March 2023.

At AEON Credit today, he is the Chairman of Board Risk Committee (since 23 January 2019) and Nomination and Remuneration Committee (since 22 December 2023). He does not hold any other directorship in other public companies.

Shareholding:

N/A

BOARD OF DIRECTORS' PROFILES

DATIN YASMIN AHMAD MERICAN

Independent
Non-Executive Director



Female



73



Malaysian



Board Meetings Attended 16/16

Skills & Experience:

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

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

Currently, she is the Deputy Chair and a Governor of the Malaysian Institute of Corporate Governance ("MICG") and a global trustee on the international board of AFS Intercultural Programs, New York (USA).

Between 2008 and 2012, she sat on the board of the Malaysian Productivity Corporation ("MPC") and the School of Information Technology as an industry advisor at Monash University (Malaysia). She has also been a director with AEON Fantasy Sdn. Bhd. since 2011 and was the President of the Malaysian AEON Foundation between 2019 and 2021.

At AEON Credit today, she is a member of the Nomination and Remuneration Committee and a member of the Board Risk Committee. She does not hold other directorship in other public or public listed companies.

Shareholding:

40,000 ordinary shares

RASHIDAH BINTI ABU BAKAR

Independent
Non-Executive Director



Female



68



Malaysian



Board Meetings Attended 16/16

Skills & Experience:

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

Rashidah was admitted as an Advocate and Solicitor of the High Court of Malaya in September 1981 upon her completion of legal professional qualifications. She returned to BNM after being admitted to the Malaysian Bar and continued her service at BNM. In 1993, she was transferred to the Legal Department in BNM. Rashidah resigned from BNM in 1995 and joined private legal practice. Her area of practice was in conveyancing.

She attended to financing documentation based on conventional as well as Shariah principles. She has vast experience in syndicated loans, private debt securities, sukuk documentation and highway financing. She served as the President of the Consumer Tribunal constituted under the Ministry of Domestic Trade and Consumer Affairs from April 2018 until May 2023.

At present, Rashidah holds a position to provide legal advice in Saiful, Roger and Co with effect from 1 November 2023.

Aside she is a member of the Board Risk Committee of the Company, she is also a member of the Audit Committee with effect from 22 December 2023. She does not hold any directorship in other public or public listed companies.

Shareholding:

N/A

CHIN PIK YUEN

Independent
Non-Executive Director



Female



59



Malaysian



Board Meetings Attended 8/8

Skills & Experience:

Chin Pik Yuen was appointed as an Independent Non-Executive Director of AEON Credit on 27 July 2023. She is a Certified Public Accountant of the MICPA and a Chartered Accountant of the MIA. She also holds a Postgraduate Diploma in Anti-Money Laundering from the University of Manchester, Manchester Business School, United Kingdom.

She started her career as a statutory auditor in 1988 and subsequently specialised in internal audit with two public listed groups of companies in the banking and capital market sectors for a period of 12 years. In these companies, she also took on various other functions during her service, including Internal Audit Professional Practices, Special Projects, Systems & Methods and Human Resources & Administration. She then moved on to a governance role with a US-based outsourcing company where she supported the Hong Kong operations. She subsequently returned to the banking and capital markets sector for 7 years in a risk and compliance role with a foreign bank and a local investment bank as head of group compliance, covering Hong Kong, Singapore and the bank's other ASEAN-based subsidiaries.

She joined Securities Commission Malaysia in 2014 where she headed the Managed Investment Schemes Department and subsequently, the Authorisation & Licensing Department. Her final role was General Manager of Corporate Planning and Strategy Department before her retirement in 2021.

At AEON Credit today, she is a member of the Audit Committee of the Company. Other than AEON Credit and HeveaBoard Berhad, she does not hold any directorship in other public or public listed companies.

Shareholding:

N/A

MITSUGU TAMAI

Non-Independent
Non-Executive Director



Male



62



Japanese



Board Meetings Attended 16/16

Skills & Experience:

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

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

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

He was then transferred to AEON Financial Service Co., Ltd. since April 2021 and holds several positions along the way. Currently, he is the Chairman of the Board of AEON Thana Sinsap (Thailand) PCL, the Chairman of Investors' Association of ACS Trading Vietnam Co., Ltd. and Director and Managing Executive Officer, General Manager of the Overseas Business Division of AEON Financial Service Co., Ltd.

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

Shareholding:

N/A

BOARD OF DIRECTORS' PROFILES

LEE TYAN JEN

Executive Director



Female



50



Malaysian



Board Meetings Attended 15/16

Skills & Experience:

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

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

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

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

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

Shareholding:

84,514 ordinary shares

None of the directors has:

1. Any family relationships with any Director and/or major shareholder of AEON Credit.
2. Any conflict of interest, including interest in any competing business with the company or its subsidiary with AEON Credit.
3. Any conviction for offences within the past 5 years, except for traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILES



DAISUKE MAEDA

Managing Director



Male



48



Japanese

Date of Appointment

23 June 2021

Academic/Professional Qualification

Bachelor's Degree in Sociology

Directorship/Relevant Appointments

Board Member

Relevant Experience

His profile is disclosed in the Directors' Profiles on page 44 of this IAR



LEE TYAN JEN

Chief Operating Officer



Female



50



Malaysian

Date of Appointment

1 July 2021

Academic/Professional Qualification

Bachelor's Degree in Business Administration

Directorship/Relevant Appointments

Board Member

Relevant Experience

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



LEE KIT SEONG

Chief Corporate Officer



Male



55



Malaysian

Date of Appointment

1 July 2020

Academic/Professional Qualification

ACCA (Fellow), MIA

Present Directorship in Other Public Companies

NIL

Past Experiences

- More than 25 years of experience in the financial industry with a focus on finance & accounting, corporate finance, corporate management, governance, risk management and compliance.
- Served other financial institutions prior to joining AEON Credit in 2012 as Assistant General Manager of Finance, Legal & Admin Division.
- Designated as Chief Financial Officer in 2014 and remained in that position until 2020.
- Currently holds the position of Chief Corporate Officer.

Note:

None of the Group Key Senior Management has any family relationships with any Director and/or major shareholder of AEON Credit, any conflict of interest, including interest in any competing business with the company or its subsidiary with AEON Credit or any conviction for offences within the past 5 years, except for traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILES



LEE SIEW TEE

Chief Financial Officer



Female



54



Malaysian

Date of Appointment

1 July 2020

Academic/Professional Qualification

ACCA (Fellow), MIA, Master of Business Administration

Present Directorship in Other Public Companies

NIL

Past Experiences:

- More than 25 years of experience across various fields including audit, finance, accounting and taxation in listed and private companies.
- She joined AEON Credit in 2019 as Head of Finance Group and was appointed as the Chief Financial Officer in July 2020.
- Currently holds the position of Chief Financial Officer in which her purview encompasses the Finance & Accounting Group, Strategic Planning & Reporting Group, Group Corporate Management and Legal & Compliance Department.



NAOMI MIKUNI

Chief Credit Officer



Female



53



Japanese

Date of Appointment

1 October 2022

Academic/Professional Qualification

Diploma in International Business Administration

Present Directorship in Other Public Companies

NIL

Past Experiences

- More than 25 years of experience overseeing a wide range of operations including credit control and analysis, customer service, branch management, operation centre management and business development.
- Prior to joining AEON Credit, she was the Executive Director of AEON Microfinance (Myanmar) Co., Ltd. and later became the Managing Director in 2019.
- Currently holds the position of Chief Credit Officer.



FAIZUL BIN HAMZAH

Chief Risk Officer



Male



47



Malaysian

Date of Appointment

1 July 2020

Academic/Professional Qualification

Bachelor of Business Administration

Present Directorship in Other Public Companies

NIL

Past Experiences

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



KEN SHINOZAWA

Chief Information Officer



Male



55



Japanese

Date of Appointment

1 July 2023

Academic/Professional Qualification

Bachelor of Arts

Present Directorship in Other Public Companies

NIL

Past Experiences

- More than 20 years of experience in the IT field including IT planning, information systems, back-up office system development and payment systems.
- His vast experience encompasses retail, pharmacy and financial services companies under the AEON Group.
- He was appointed as the Executive Officer, heading the IT Department at Takiya Drug Stores Co., Ltd. in 2014 and became the President of AEON Credit Service Systems (Philippines) Inc. in 2016.
- Headed the Payment System Department in AEON Financial Service Co., Ltd. before joining AEON Credit.
- Currently holds the position of Chief Information Officer, leading the IT division.



PHANG CHEE CHONG

Head of Internal Audit Division



Male



57



Malaysian

Date of Appointment

1 July 2020

Academic/Professional Qualification

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

Present Directorship in Other Public Companies

NIL

Past Experiences

- Over 30 years of internal audit experience in banking, finance company, life & general insurance, stockbroking, and unit trust companies.
- Was attached to other financial institutions and public listed companies prior to joining AEON Credit in February 2015 as Assistant General Manager, Head of Internal Audit Group.
- Redesignated as General Manager, Head of Internal Audit Group in June 2017 and was promoted to Senior General Manager in December 2019.



CHEN HENG GUAN

Managing Director of AEON Insurance Brokers (M) Sdn. Bhd.



Male



51



Malaysian

Date of Appointment

1 October 2021

Academic/Professional Qualification

Master of Business Administration

Present Directorship in Other Public Companies

Committee Member of Malaysian Insurance and Takaful Brokers Association

Past Experiences:

- More than 20 years of experience in sales and operations, product development, investor relations and corporate strategy.
- Was attached to other financial institutions before joining AEON Credit in 2003 as Branch Manager.
- Served in various divisions before becoming the Senior General Manager of Corporate Strategy Division in 2018.
- In 2020, he was assigned to the Insurance Project in AEON Credit and appointed as the Managing Director of AEON Insurance Brokers (M) Sdn. Bhd. in 2021.

Proactive.

We take action to enhance value delivered to our stakeholders.



OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

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SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement (“Statement”) signifies AEON Credit Service (M) Berhad’s (“AEON Credit” or “the Group”) ongoing commitment to sustainability in the year under review. It contains an elaboration of sustainability initiatives executed, commitments realised and plans to further embed sustainability across our strategies and all facets of our operations. The Statement covers the period from 1 March 2023 to 29 February 2024 and has been prepared with reference to Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), specifically guidance from Bursa Securities’ Sustainability Reporting Guide and Global Reporting Initiative (“GRI”) Standards. This Sustainability Statement covers AEON Credit’s operations at our Head Office, AEON BIG Subang Jaya, 5 regional offices and 63 branches and service centres in AEON and non-AEON malls across Peninsular Malaysia, Sabah and Sarawak.

Over the years, Environment, Social and Governance (“ESG”) considerations have become increasingly ingrained in the Group’s business and operations and will continue to be mainstream and integral to the Group moving forward as we move in tandem with national and global aspirations to attain carbon neutrality and fortify sustainability in value creation.

A GREATER INCLINATION AND FOCUS ON SUSTAINABILITY

Our Sustainability Roadmap targets six (6) areas each of which is identifiable to core sustainability elements of Economy, Environment, Social and Governance (“EESG”). In total, 21 key initiatives are planned for implementation over a 3-year period. The Sustainability Roadmap is illustrated below:

3-year Sustainability Roadmap

Framework	Focus Area	Key Initiatives					
Policy	Mission Statement	ENVIRONMENT Towards Carbon Neutral Business	Reforestation Activities	Coastline Preservation	Carbon Emission Reduction *	TCFD Recommendations Adoption	
		ECONOMY Market Leader for EV Financing	EV Manufacturers Collaborations	Mainstream EV Business	Employee HEV and BEV Financing Promotion		
			Financial Inclusion for Micro Enterprise	Micro Financing for Business *	Financial Inclusivity	Entrepreneurs Financial Literacy *	
			Green Financing	Green Lending	Digital Volunteering *	Eco-Friendly Cards *	Green Borrowings
		SOCIAL ESG Education in Schools	Digital Literacy Programmes *	Solar Panel Installations	Waste 3R Programme	Road Safety Awareness	
		GOVERNANCE Good ESG Governance	Board Commitments	Management Commitment	Endorsement and Assurance		
		Active Collaboration					
Award							
Assurance							
Awareness							

* Our commitment to digitalisation

Implementation of the Sustainability Roadmap commenced in the year under review. Key initiatives will be implemented progressively over a 3-year period to ensure successful and orderly implementation as well as to facilitate proper resource allocation. Key initiatives, their respective status and current view of future plans are elaborated in Progress Report on AEON Credit’s 3-year Sustainability Roadmap at the end of the Sustainability Statement.

In summary, the journey prescribed in our Sustainability Roadmap has started in earnest to infuse AEON Credit with greater sustainability as a business and to elevate our contributions towards planetary sustainability and realise our commitments to national socio-economic development.

AEON Credit became the first non-bank financial institution in Malaysia to secure a total of RM1.2 billion Sustainability-Linked Loans (“SLL”) with a 3-year tenure

from 3 Japanese banks and a local bank. Given the nature of our business, varying our consumption patterns have a minimal impact on environmental sustainability and consequently, can only contribute marginally in the fight to alleviate global warming. However, like the rest of the global financial services fraternity, we can exert a profound positive impact on sustainability through the direction of our lending.

The SLL has provided the impetus for us to refine our lending direction to infuse greater inclination towards sustainability. This is reflected in our Sustainability Roadmap through the Economy focus areas of: Market Leader for EV Financing, Financial Inclusion and Green Financing, developments in these focus areas are further articulated in the section on Sustainable Finance.

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

Fundamental to our approach to sustainability is doing the right things in a responsible and ethical manner while creating long-term stakeholder value. Our economic ambitions are always balanced against our responsibilities for planetary and societal well-being. While implementation methods will vary as circumstances dictate, we continually stay true to this fundamental principle.

The Group is guided by AEON Foundational Ideals of pursuing peace, respecting humanity and contributing to communities, always with customers as our starting point aligned with the objective of realising a sustainable society. In addition, we are also guided by the philosophy of our parent company, AEON Financial Service Co., Ltd. to support and enrich customers' lifestyles, enable each individual to maximise future opportunities through effective use of credit – bringing finance closer to everyone.

AEON Credit is acutely aware of our responsibilities to secure business sustainability and growth as well as our duty of care for the environment and society. We continually endeavour to balance these responsibilities given that both will place demands on the scarce resources at our disposal. Accordingly, the Board and management place great importance on astutely allocating resources and ruthlessly prioritising initiatives for implementation to maximise returns. Balancing the twin priorities of growth and sustainability will not be easy, however we remain committed to acting in the best interest of the Group and ensure these priorities remain centre stage and are not unduly compromised.

As a responsible member of the global community, AEON Credit shares the collective concerns over global warming. In support of the Paris Agreement goals, we have aspirations to achieve carbon neutrality in our operations by 2030 and to support the wider global community to similarly achieve carbon neutrality by 2050, in particular, through encouraging and promoting the adoption of greener practices and mechanisms through our lending.

Sustainability considerations are embedded into our business model and daily operations. To emphasise and formalise our commitment to sustainability we have framed the following statement that applies to all the Group's constituents:

Shaping our future in financial services through sound, innovative and sustainable ESG practices and initiatives.

By embedding sustainability considerations in our strategies and operations, AEON Credit acknowledges the central role of sustainability in ensuring the Group's continued prosperity and secure our ability to continue generating value for stakeholders. This emphasises the notion that

sustainability is essential for the viability of a business in the long run. Additionally, we recognise that sustainability also extends to stakeholders who have an economic dependency on us and we are acutely aware that there are livelihoods that depend on our continuing good economic performance. This awareness drives our unwavering focus on sustainability to maintain resilience to address challenges whether from competitive forces or from unanticipated events.

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



Play an integral part in meeting the needs of the local community for financial services through our business operations, adopting sound governance practices with a focus on customer experience and innovation.



Become more employee-centric by taking care of and developing employees, including fostering a culture amongst employees to become better people and community members.



Continuously promote and embed sustainability across our value chain through:

- developing and offering a portfolio of sustainable green lending products
- enhancing financial inclusion, in particular, levelling the playing field for the underserved
- facilitating and widening financial literacy
- implement environmental conservation and minimise the environmental impact of our operations



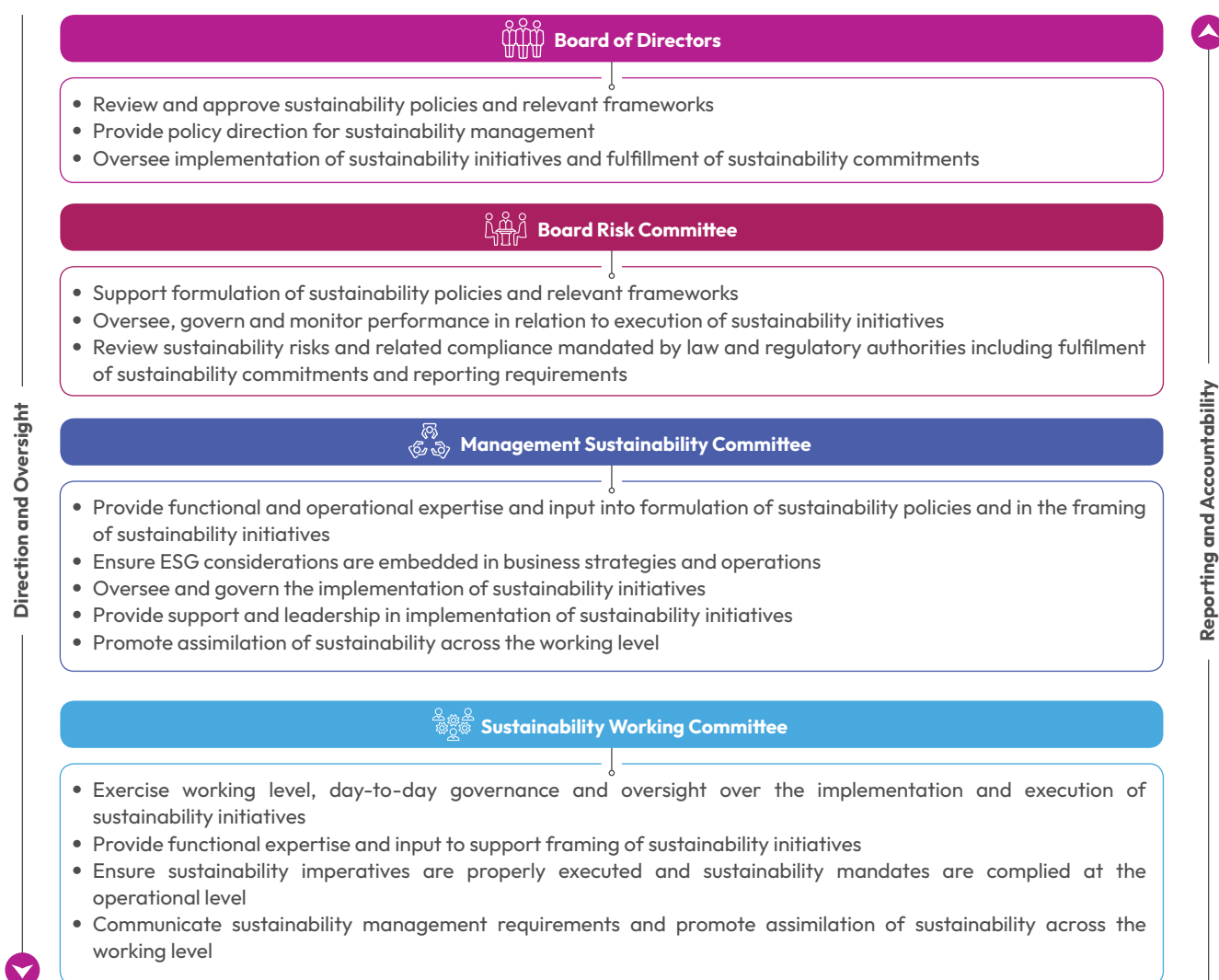
Demonstrate how the Group gives back to our local community through activities which contribute to society in line with AEON Foundational Ideals of pursuing peace, respecting humanity and contributing to communities, always with customers as our starting point.

SUSTAINABILITY GOVERNANCE

Setting the Tone at the Top

At AEON Credit, sustainability starts at the highest level to explicitly signal commitment and ownership. Top level embrace of sustainability lends credibility to the Group's sustainability actions, promoting support and expedites assimilation across all corners of the Group – this also epitomises how our business is governed and managed. The Group's Leadership from the Board through the Managing Director ("MD") and the Top Management team all take active part in shaping and embodying our sustainability agenda.

A well thought out sustainability agenda is in place to ensure the best governance practices are duly exercised. This structure, which involves the participation of the highest level through to functional/business units, is depicted below along with the roles and responsibilities of each governance component.



SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE IN EXECUTION

Our Sustainability Governance Structure is designed to facilitate oversight and enforcement of compliance to our sustainability policies and commitments as well as effective management and monitoring over the implementation of sustainability initiatives and the effective fulfilment of our sustainability commitments.

The Board recognises the importance of pursuing a business sustainability agenda and sets the tone to promote sustainability practices by embedding ESG considerations in strategy formulation and decision making. This ensures that a delicate balance is maintained at all times between our economic ambitions and sustainability responsibilities. The Board Risk Committee (“BRC”), which also has purview over sustainability management, supports the Board in overseeing sustainability matters. The BRC is also responsible for reviewing sustainability policies and plans, and to monitor the performance of their execution.

Top Management involvement is realised through the Management Sustainability Committee (“MSC”) which comprise the Chief Financial Officer, Chief Operating Officer, Chief Corporate Officer, Chief Credit Officer, Chief Risk Officer and Chief Information Officer. Our MD took over the MSC Chairmanship effective March 2024. In this role, he will be responsible for overseeing and driving improvements and execution of the Group’s overall sustainability strategies and associated initiatives. The top management individually and collectively play an active role to ensure that sustainability is part of AEON Credit’s business approach and is infused into the Group’s strategies and daily operations.

A Sustainability Working Committee (“SWC”) comprising key management personnel from business/functional units supports the development of our sustainability strategies and executes sustainability initiatives. The SWC reports progress to and seeks guidance from the MSC and BRC, as the case may be, when required. The SWC also plays an important role in raising sustainability awareness and embedding sustainability practices across the Group’s operations as well as embedding management practices to address any potential sustainability impact arising from operations.

Moving forward, climate-related aspects of sustainability will take on increased prominence acknowledging the importance of environmental sustainability to securing our continued ability and resilience to generate stakeholder value. The Board and Management will receive training to reinforce their understanding of this complex subject to facilitate better informed decision making.

In FYE2024, for the first time, we have engaged independent third parties to provide assurance over our Sustainability Statement, as follows:

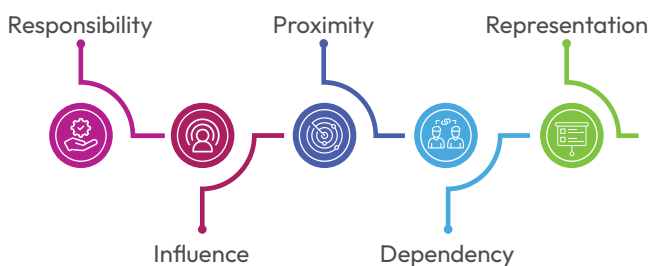
- Validation of Sustainability Statement by SIRIM QAS International Sdn. Bhd.

- Validation of Company’s Selected Sustainability Information by KPMG PLT

STAKEHOLDER ENGAGEMENT

AEON Credit understands the importance of engaging our stakeholders to assist in identifying and prioritising the Group’s material sustainability matters. Stakeholder engagements is an invaluable opportunity to hear our stakeholders out and obtain “direct from source” information which might be wider, deeper and more illuminating. The engagements are also forums for us to offer perspectives, clarify our position and communicate solutions to parties that are directly impacted.

The Group conducts stakeholder engagements as a matter of course to solicit feedback, concerns and suggestions as well as to continually review and adapt our efforts to meet changing stakeholder expectations. We believe that giving voice to our stakeholders provides information to facilitate balanced and objective decision making. Our selection of stakeholders to engage is based on five criteria:



Stakeholder engagements are conducted through our communication channels using a variety of virtual and physical modes. The Group adopts the staged approach depicted below for stakeholder engagement:



Strategy and Planning

- Identify and prioritise stakeholders
- Determine stakeholders’ motivations, concerns and expectations
- Formulate engagement strategy and plan engagement agenda



Communicating and Engaging

- Conduct engagement, solicit feedback and gather information
- Assimilate stakeholders’ interests, concerns and suggestions
- Formulate and prioritise responses against capabilities and resources



Monitoring and Responding

- Implement responses
- Monitor progress and response efficacy
- Assess performance against desired outcomes
- Institute remediations and improvements needed

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

Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 Customers			
• Critical to driving revenue • Support attainment of market leadership • Provide impetus for continuous improvement and innovation	• Business interactions • Company website and social media • Product launches • Conferences/forums/seminars	• Customer service • Feedback on products and services	 Excellent Customer Experience, Support & Access  Business Innovation, Responsible Marketing, Product & Service Design  Sustainable Finance and Financial Performance
 Government & Regulators			
• Compliance to laws and regulations • Ensure standards of prudence are practiced • Communicate introduction/ amendments to laws and regulations • Promote coordinated industry-wide contribution to country's economic development • Promote industry-wide uniformity and consistency	• Briefings/surveys • Submission/proposals • Commissions and inquiries • Financial institutions & associations	• Compliance • Innovation in financial services • Contributing to economic development, and strengthening resilience	 Excellent Ethics, Governance, Risk & Compliance  Business Innovation, Responsible Marketing, Product & Service Design  Data Security, IT Infrastructure & Digital Transformation  Excellent Customer Experience, Support & Access  Environmental Management  Climate Action
 Shareholders & Investors			
• Source of capital to fund continued growth and expansion • Expectation of reasonable return for investment outlay • Provide impetus for continuous improvement and innovation • Upholding the Group's accountability and integrity	• 26th Annual General Meeting ("AGM") convened physically • Quarterly analyst briefings • Retail business partners engagement • One-to-one/group Investor Relations meeting • Research house coverage • Integrated Annual Report	• Business strategies • Business transformation • Financial performance • Corporate governance, ethics and integrity • ESG performance	 Sustainable Finance and Financial Performance  Data Security, IT Infrastructure & Digital Transformation  Business Innovation, Responsible Marketing, Product & Service Design  Excellent Ethics, Governance, Risk & Compliance  Environmental Management  Climate Action

SUSTAINABILITY STATEMENT

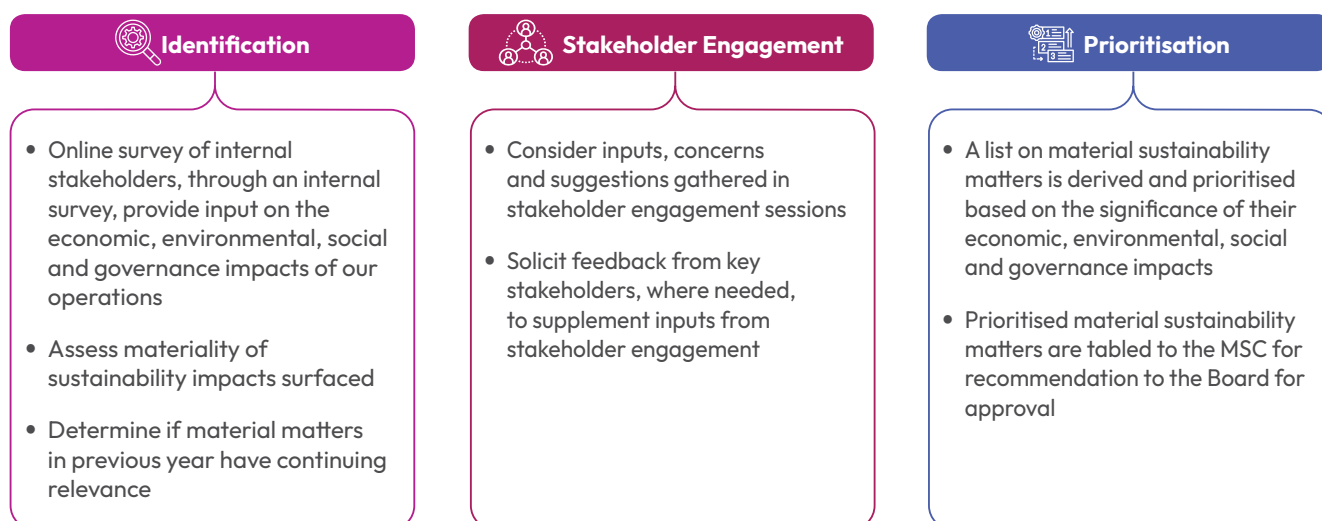
Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 Employees			
• Entrusted to conduct operations from which revenue is generated • Hold responsibility for prudent, ethical and responsible conduct of operations to safeguard Group's interests • Represent a principal avenue of interaction with customers, suppliers and other interested stakeholders	• Formal meetings • Training programmes • Townhall meetings • Team-building activities • Employee Hotline • Employee engagement surveys	• Culture, diversity and inclusion • Health, safety and well-being • Employee grievances • Training, professional and career development	 Sustainable Finance and Financial Performance  Employee Benefits, Employee Engagement Programmes  Employee Health, Safety and Well-being  Environmental Management  Climate Action
 Merchants & Business Partners			
• Facilitate collaboration for mutual benefits • Knowledge sharing • Source of potential business opportunities	• Merchant service • Support channels • Innovative partnership programmes • Business alliance and networking • Corporate events	• Business opportunities • Business strategies • Innovations and continuous improvement	 Sustainable Finance and Financial Performance  Business Innovation, Responsible Marketing, Product & Service Design
 Suppliers			
• Source of consumables and services required in operations • Source of expertise and domain knowledge for example, technical knowhow required to support or enhance efficiency of operations	• Events • Meetings • Networking interactions	• Efficient and responsible procurement processes • Transparency in procurement processes	 Transparency in Procurement Process  Excellent Ethics, Governance, Risk & Compliance
 Local Communities/NGOs			
• Our customers are members of the community • Opportunity for the Group to share returns with and give back meaningfully to the community • Integral to continued support from customers	• CSR activities • Sponsorship of events	• Community support, aid and assistance • Volunteering • Social welfare • Education	 Strategic Community Investment

Why They are Important	Engagement Activities	Issues of Interest	Linkage to Material Matters
 Media			
• Integral part of Group's communication avenues, in particular, with the public • Ability to reach wide audience and is easily accessible • Crucial means to keep the public informed of significant developments and events • Lends credibility to Group's communications	• Press releases/interviews • Annual General Meeting • Corporate events • Digital and social channels	• Business strategies • Financial performance • ESG performance • Conduct and culture • Community support	 Sustainable Finance and Financial Performance  Business Innovation, Responsible Marketing, Product & Service Design  Strategic Community Investment  Environmental Management  Climate Action

MATERIALITY ASSESSMENT AND MATERIAL SUSTAINABILITY MATTERS

Our sustainability material matters are determined via materiality assessments that are conducted every year to identify the sustainability impacts of our operations and to assess their materiality. Inputs from our stakeholders are considered in the assessment process to recognise evolving issues and interests. Importantly, stakeholder input also lends balance and inclusivity to the assessment results. The results of the materiality assessment inform responses to effectively manage and mitigate impacts of material sustainability matters. We review material matters identified in the previous years to determine their continuing relevance. Recognition is also given to matters that emerged in the current year. Our materiality assessment process incorporates desktop research and comparison against industry peers' material sustainability matters. We also identify the associated risks to facilitate prioritisation.

The illustration below depicts the process adopted:



SUSTAINABILITY STATEMENT

For FYE2024, AEON Credit ranked “Data Security, IT Infrastructure and Digital Transformation”, “Excellent Customer Experience, Support & Access” and “Business Innovation, Responsible Marketing, Product & Service Design” as the top three material sustainability matters.

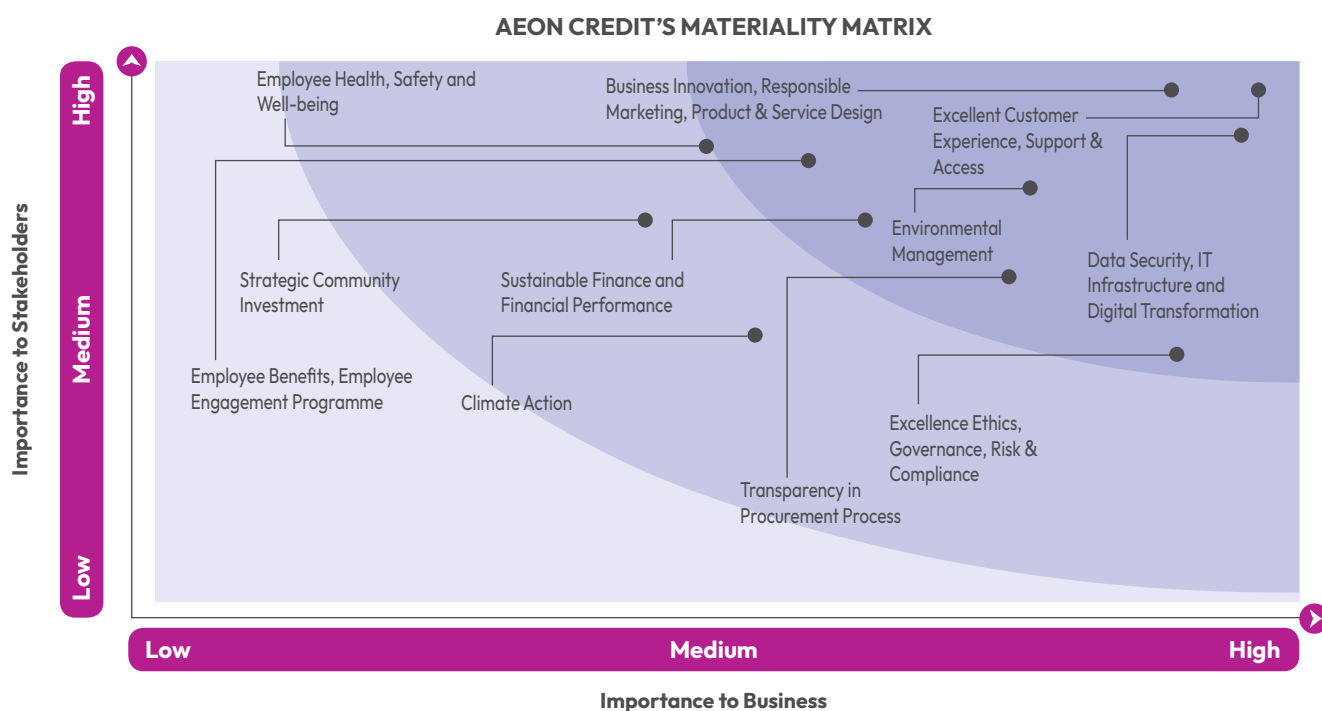
The table below lists AEON Credit’s material sustainability matters for FYE2024 that is derived from the materiality assessment. The material sustainability matters are ranked by descending order according to their significance to AEON CREDIT, the change in ranking from the previous year is indicated as well.

Rank	Change	Priority	Material Sustainability Matter	Sustainability Focus Area
1	↑+2	High	 Data Security, IT Infrastructure & Digital Transformation	Governance
2	↔	High	 Excellent Customer Experience, Support & Access	Economy
3	↑+4	High	 Business Innovation, Responsible Marketing, Product & Service Design	Economy
4	↔	High	 Excellent Ethics, Governance, Risk & Compliance	Governance
5	New	High	 Sustainable Finance and Financial Performance*	Economy
6	↓	Medium	 Environmental Management	Environment
7	↔	Medium	 Employee Benefits, Employee Engagement Programmes	People
8	↓-3	Medium	 Employee Health, Safety and Well-being	People
9	New	Medium	 Climate Action**	Environment
10	↔	Medium	 Strategic Community Investment	People
11	↔	Medium	 Transparency in Procurement Process	Governance

* Sustainable Finance and Financial Performance is included as a new material matter in recognition of AEON Credit’s refined direction towards green, sustainable finance, as well, this recognises our intent to contribute, in solidarity with the global financial services industry towards environmental protection and care. Financial Performance, specifically the economic results of our business operations, remains significant and is incorporated as part of this material sustainability matter recognising the anticipated increased contribution to our economic results from sustainable financing products and services.

** Climate action rephrases the previous year’s Environmental Management in recognition of AEON Credit’s wider ambition and approach to contribute, alongside the larger global community, to addressing climate change while also supporting environmental protection and conservation.

The Materiality Matrix below illustrates the mapping of material sustainability matters based on their relative importance to AEON Credit and our key stakeholders. The categorisation of material sustainability matters to our Sustainability Pillars is articulated below under Sustainability Pillars.



LINKAGE OF MATERIAL SUSTAINABILITY MATTERS TO UN SDGs

It is AEON Credit's intention and commitment to play an integral part and contribute in solidarity with the global community towards the betterment of humanity and the planet. Our efforts to address our material sustainability matters have direct alignment to applicable United Nations Sustainable Development Goals ("UN SDGs"), this is indicated in the table below:

SDG	How AEON Credit contributes	Related initiatives	Linkage to our material sustainability matter
3 GOOD HEALTH AND WELL-BEING	Ensure health and promote well-being without discrimination - Target 3.6: Reduce road injuries and deaths - Target 3.8: Achieve universal health coverage	- Road Safety Advocacy Programmes for communities - Providing health support and maintaining a safe working environment for AEON Credit employees	Employee Benefits, Employee Engagement Programmes Employee Health, Safety and Well-being Strategic Community Investment
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning for all - Target 4-A: Build and upgrade inclusive and safe schools - Target 4-4: Increase the number of people with relevant skills for financial success - Target 4-B: Expand higher education scholarships for developing countries	- Address and enhance digital literacy by investing in Smart Classroom Project - Committing to reducing unemployment through Management Trainee Programmes - Committing to the development of AEON Credit employees through investments in training and upskilling	Strategic Community Investment Employee Benefits, Employee Engagement Programmes

SUSTAINABILITY STATEMENT

SDG	How AEON Credit contributes	Related initiatives	Linkage to our material sustainability matter
		- Offering scholarships for children with academic excellence with a focus on higher education for the less privileged - Provide online training programmes for easy access to learning and knowledge for AEON Credit employees - Continuous learning and development programmes for the Board and Management	
	Achieve gender equality and empower all women and girls - Target 5.1: End discrimination against women and girls - Target 5.5: Ensure full participation in leadership and decision-making	- Strengthening our current practices through the AEON Credit's Policy of Human Rights - Enhancing the presence of women in top governance and leadership roles	 Employee Benefits, Employee Engagement Programmes
	Ensure access to affordable, reliable, sustainable and modern energy for all Target 7.1: Universal access to modern energy services	- Provide financing for purchase of energy efficient appliances/ devices and renewable energy generation facilities - Focused expansion into financing for green modes of mobility	 Business Innovation, Responsible Marketing, Product & Service Design  Excellent Customer Experience, Support & Access  Sustainable Finance and Financial Performance
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all - Target 8.2: Diversify, innovate and upgrade for economic productivity - Target 8.3: Promote policies to support job creation and growing enterprises - Target 8.5: Full employment and decent work with equal pay - Target 8.6: Promote youth employment, education and training - End modern slavery, trafficking and child labour - Protect labour rights and promote safe working environments	- Fostering management trainee employment initiatives within AEON Credit - Advocating for employee well-being and human rights - Commitment to local procurement in support of national socio-economic development	 Employee Benefits, Employee Engagement Programmes  Employee Health, Safety and Well-being  Transparency in Procurement Process

SDG	How AEON Credit contributes	Related initiatives	Linkage to our material sustainability matter
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation - Target 9.3: Increase access to financial services and markets - Target 9.4: Upgrade all industries and infrastructures for sustainability	- Implementation of Digital Transformation Programme - Tailoring financial solutions aligned to customers' unique circumstances	 Business Innovation, Responsible Marketing, Product & Service Design  Excellent Customer Experience, Support & Access
 10 REDUCED INEQUALITIES	Reduce inequality within and among countries - Target 10.1: Reduce income inequalities - Target 10.3: Ensure equal opportunities and end discrimination	- Strengthening our current practices through the Policy of Human Rights - Commitment to financial inclusion through provision of access to financial services to the underserved	 Business Innovation, Responsible Marketing, Product & Service Design  Excellent Customer Experience, Support & Access
 11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable Target 11.6: Reduce the environmental impact of cities	- Expansion into sustainable financing for energy efficient, low emission appliances/devices and renewable energy generation facilities - Focused expansion into financing for green modes of mobility - Internal initiatives in environmental management	 Climate Action  Business Innovation, Responsible Marketing, Product & Service Design  Excellent Customer Experience, Support & Access  Sustainable Finance and Financial Performance  Environmental Management
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns - Target 12.5: Substantially reduce waste generation - Target 12.6: Encourage companies to adopt sustainable practices and sustainability reporting	Internal initiatives in environmental management	 Environmental Management
 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts - Target 13.1: Strengthen resilience and adaptive capacity to climate related disasters - Target 13.2: Integrate climate change measures into policies and planning - Target 13.3: Build knowledge and capacity to meet climate change	- Incorporating climate considerations into our business activities - Enhancing employees' sustainability knowledge, encompassing TCFD adoption - Sustainable financing for energy-efficient and low carbon products	 Climate Action  Sustainable Finance and Financial Performance  Environmental Management

SUSTAINABILITY STATEMENT

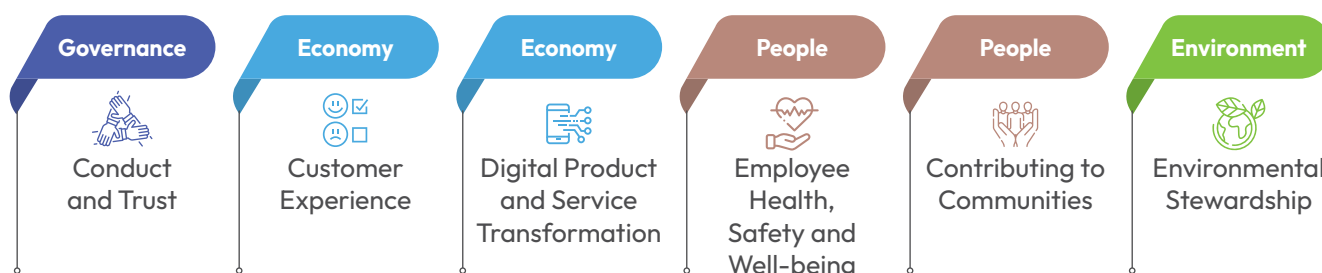
SDG	How AEON Credit contributes	Related initiatives	Linkage to our material sustainability matter
 14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development Target 14.5: Conserve coastal and marine areas	- Proactive involvement in marine conservation - Beach clean-up	 Climate Action  Environmental Management
 15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss - Target 15.2: End deforestation and restore degraded forests - Target 15.5: Protect biodiversity and natural habitats - Target 15-A: Increase financial resources to conserve and sustainably use ecosystem and biodiversity	Proactive involvement in reforestation, afforestation and mangrove tree planting	 Climate Action  Environmental Management
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels - Target 16.5: Substantially reduce corruption and bribery - Target 16.6: Develop effective, accountable and transparent institutions - Target 16-B: Promote and enforce non-discriminatory laws and policies	- Continuous strengthening of cyber security stance and vigilance against cyber threats - Upholding good governance - Compliance to regulatory mandates - Anti-Bribery Management System - Whistleblowing - Maintaining high integrity standards and ethical business practices	 Data Security, IT Infrastructure & Digital Transformation  Excellent Ethics, Governance, Risk & Compliance
 17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development Target 17.7: Encourage effective partnerships	Proactive collaboration with regulatory authorities, industry partners and partners in community and corporate social responsibilities initiatives	The management of our material sustainability matters entail collaborative partnerships with relevant impacted parties to secure effectiveness and speed of response. Hence, managing all our material sustainability matters brings to life SDG 17

SUSTAINABILITY PILLARS

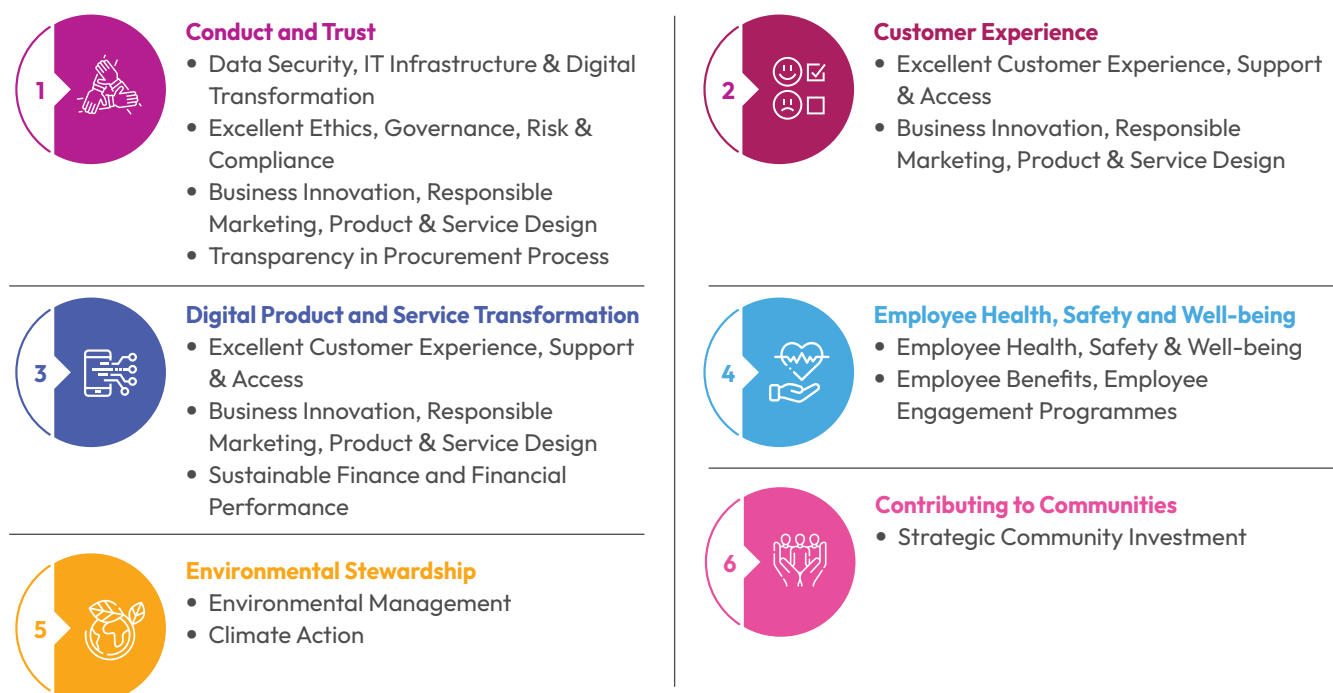
AEON Credit groups our material sustainability matters across six (6) Sustainability Pillars, which represents the Group's business success, growth and resilience, and hence, sustainability. The management of material sustainability matters represented within the Sustainability Pillars reinforces two (2) core principles of our approach to sustainability:

- Sustainability considerations are integrated and embedded into our business and operations; and
- Our business aspirations and financial ambitions are constantly balanced against our sustainability commitments and responsibilities

The six (6) pillars and their associated sustainability area is illustrated below:



Our material sustainability matters fall under associated sustainability pillars as illustrated in the diagram above. Every Sustainability Pillar exerts an influence on Financial Performance either directly or indirectly, accordingly Financial Performance is our central and principal material sustainability matter.

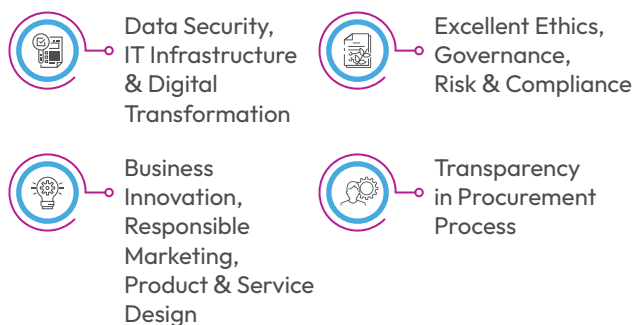


SUSTAINABILITY STATEMENT

1 **CONDUCT AND TRUST**

As a major financial services provider, AEON Credit realises the immense responsibility on us to conduct business in a conscionable manner, with integrity and the highest ethical standards. On the customer front, we ensure that interactions with our customers are fully transparent and they are in possession of all relevant information prior to completing transactions in relation to any of our products and services. Internally, we take great commitment to ensure that governance and controls over our operations are continually strong and operating as desired and all relevant laws and regulations are complied with. All the foregoing are critical to preserving our reputation in the market, as our sustainability and continued business growth greatly depend on upholding an impeccable reputation.

There are four (4) material sustainability matters under our Conduct and Trust pillar, detailed articulation of each of material sustainability matter appears below:



a. **Data Security, IT Infrastructure & Digital Transformation**

AEON Credit continued on our Digital Transformation journey in the year under review. Digitalisation of products, processes, delivery channels and operational support mechanisms have continued at pace to leverage developments in Information Technology ("IT") and capitalise on the maturity of emerging technologies into applications that are more stable and affordable from a cost-benefits standpoint. Our Digital Transformation has been critical in our efforts to compete in the financial services arena against more established players with larger franchises and strong legacies.

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

The Group's Digital Transformation was conceived to address changing customer demands for greater convenience and accessibility without the boundaries inherent to traditional financial services transacting. While Digitalisation, indisputably, bring advantages and benefits there is also a requirement for heightened cyber security to safeguard our applications and infrastructure from potential harm as well as more extensive regulatory compliance requirements.

Business continuity management is critical to provide assurance that our operations and supporting infrastructure are protected from harm and in a state of preparedness to address any eventuating disruptions. To this end, we are supported by the following comprehensive plans, in compliance with Bank Negara Malaysia ("BNM") requirements to ensure continuous uninterrupted operations:

- Business Continuity Plan ("BCP");
- Disaster Recovery Plan ("DRP"); and
- Crisis Management Plan ("CMP")

These plans are kept current to recognise and incorporate changes in our operating environment as well as new and emerging threats. The plans are also subjected to the testing regime illustrated below that meets with BNM's minimum requirement of, at least, annual testing.

Plan	Testing Frequency
BCP Test	Annually
DRP Test	Two (2) times a year
Cyber Security Drill	Annually

In executing on the testing regime, simulations and tests are designed and conducted to assess the ability and adequacy of our processes and systems to respond to and mitigate risks emanating from internal or external sources and expeditiously recover and resume operations of our Critical Business Functions from disruptions caused by these risks. To support expeditious recovery, AEON Credit has a dedicated back-up site with all requisite infrastructure and services for back-up operations.

Weaknesses and areas of improvement noted from the conduct of testing are rectified and remediated in a speedy manner to continually ensure the resilience of our business continuity management. We continue to remain vigilant to all potential threats and risks to our operational continuity.

In the year under review, BCP test and Cyber Security Drill were conducted concurrently to analyse impact and recovery strategies should the incident scenario involved in both areas eventuate. A total of 746 staff were involved in FYE2024 as opposed to 437 in FYE2023, representing an increase of 71%

(ii) Cyber Security

Responding to the increasingly prevalent and favoured electronic transacting and interaction, we place a continuously strong emphasis on strengthening our cyber security capabilities. AEON Credit believes cyber security has a two-way impact, in addition to internal fortification, it is also extremely critical to providing our customers with comfort and peace of mind when performing electronic transactions – this is imperative to retain our valued customers and continue to attract new ones.

Investment will be needed to remain resilient and be continuously prepared especially when new threats constantly emerge. Over the past three (3) years we have invested in the following cyber security related implementations:

- 1 Security Operation Centre/Security Information Event Management for better control and to expedite detection and remediation
- 2 Endpoint Detection and Response to enhance and further strengthen security at endpoint devices
- 3 Cloud Web Proxy to enhance scanning and detection capabilities of in/outgoing internet access

In addition, we have in place requisite measures/tools to safeguard and protect against cyber-attacks. These measures/tools, obligatory given the ubiquity IT use, include stringent security measures on all personal computers and IT Security tools such as Data Loss Prevention, File Integrity Management and Intrusion Prevention System.

To enhance security over online transactions, measures that have been implemented include:

- 1 Data-in-transit protection and data encryption such as data masking and tokenisation
- 2 Multi Factor Authentication
- 3 Mobile app security

Consistent with good practice, AEON Credit conducts internal Vulnerability Assessments monthly and we engage qualified third party vendors to perform penetration testing of identified critical systems on a periodic basis. We also continuously endeavour to embed security awareness in our customers through constant communications to promote vigilance and diligence. Internally, AEON Credit conducts yearly cyber security eLearning for all staff, including new recruits, this training also cover requirements and responsibilities under the Personal Data Protection Act 2010 (“PDPA”).

A Cyber Incidents Response Plan (“CIRP”) is in place to guide responses to, mitigation of and expeditious recovery and resumption of operations from cyber security incidents. The CIRP is subjected to annual testing as mandated by BNM. We successfully conducted our annual Cyber Drill in January 2024 which provided assurance of the continuing efficacy, adequacy and resilience of our cyber security processes and systems. Weaknesses and areas of improvement arising were rectified and remediated expeditiously to secure the continuing effectiveness of AEON Credit’s cyber security stance.

There were no reported incident of cyber-attack in the year under review.

(iii) Customer Data Protection

The Group has built a substantial customer database as we continue to expand and grow. This database is a critical asset that can be leveraged to develop differentiating capabilities to further reinforce our competitiveness. While this asset is of immense value to us, it also brings significant custodial responsibilities. Duties are imposed by relevant statutes to secure the privacy and confidentiality of data gathered, in this context, the PDPA and secrecy provisions under the Financial Services Act 2013 govern our customer data management policies and processes. The Group is certified in ISO 27001:2013 Information Security Management Systems (“ISMS”) which validates the structured processes in place to safeguard information and data security. This certification was successfully

SUSTAINABILITY STATEMENT

recertified by an independent third party certification body in FYE2023 and subjected to a surveillance audit annually, the latest was successfully concluded in December 2023 also by an independent third party certification body.

For added comfort and assurance, customer information management is also subjected to periodic audits by the Internal Audit Division. These audits covered specific areas related to customer information management in FYE2024.

Training and awareness programmes are regularly conducted to continuously enhance and keep current employees' understanding and build awareness of the Group's policies and processes to manage the handling and storage of customer and business information at every stage of the information lifecycle, as well as the processes for reporting security breaches. Importantly, training also reinforce responsibilities for customer data protection and the consequences of failing to do so.

b. Excellent Ethics, Governance, Risk and Compliance



Ethics, governance, risk and compliance are constants in the financial services industry and, is taken as being embedded within the operations of every financial institution given the implicit trust placed on them by the public and government. AEON Credit is acutely aware of our responsibilities and accountabilities as a major financial services institution and places great importance in always conducting ourselves with integrity, being morally responsible and fully compliant with our statutory obligations.

(i) AEON Foundational Ideals and Group Future Vision

AEON firmly believes that retailing is an industry to promote peace, humanity and local communities. To remain a thriving corporate group that fulfils this mission, we are committed to continuous innovation, with customers as our starting point.

AEON is committed to actively engaging in peace efforts, supporting human happiness and norms, and contributing to the prosperity of local communities. These ideals form the foundation of putting "customers as our starting point," which places the needs and preferences of our customers first at the center of our operations.

Putting our customers first means that we do not put ourselves first, that is, we do not think and act for our own convenience. On the contrary, we always put our customers first and act with the highest standards of integrity, which is the foundation of AEON. We will use this as a mirror to reflect ourselves and as the standard for every decision and action made by all AEON People.

Even when it becomes tempting to prioritise our company's or personal interests or convenience, we must firmly resist and overcome such temptations to preserve our unwavering dedication to our customers.

AEON will act with the firm belief that by embodying and practicing these ideals, we can contribute positively to the promotion of peace, humanity and local communities.

(ii) Anti-Bribery Management System

AEON Credit is certified in ISO 37001:2016 – Anti-Bribery Management Systems ("ABMS"). This certification validates the processes in place to prevent, detect and address events of bribery. Recertification, by an independent third party certification body, was successfully achieved in FYE2023 with an ensuing surveillance audit planned for the current year.

Our ABMS reinforces our basic integrity principle and embeds an anti-bribery culture within the Group. The ABMS also facilitates compliance to adequate procedures requirement under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009. The ABMS embeds within our employees and business associates a responsibility to carry out their duties conscientiously and responsibly to mitigate the risk of corrupt activities or actions.

We conduct Anti-Bribery Risk Assessment annually to identify potential risks and assess the adequacy of controls in place, with the aim of strengthening the existing Group policies and procedures, where weaknesses and deficiencies are observed. ABMS-related initiatives conducted in FYE2024 were:

- 1 Annual anti-bribery e-Learning participated by 3,043 personnel, both management and staff. Total training hours for ABMS was 544 hours
- 2 ABMS risk assessment concluded with individual sign-off from Business Units
- 3 Anti-Bribery Pledge initiated for both internal and external stakeholders. Pledges have been received from all AEON Credit staff while all our 113 suppliers also signed-on to the pledge
- 4 3 separate ABMS ISO 37001 Awareness training sessions to ISO Working Committee members

5 Internal Audit in Jan 2024 covering the Headquarters and Subang Operation Centre. One (1) non-conformance was noted during the audit compared to three (3) non-conformance in FYE2023

6 Deployment of ABMS awareness posters

Similar to the previous two (2) years, In FYE2024, there was no reported case of corrupt act by any Group employee and, in line with the Group's integrity principle, no political contributions were made either directly or indirectly by the Group.

AEON Credit's Anti-Bribery Policy which has been approved by the Board and communicated to all employees, business associates and stakeholders, is available on the Company's website under Corporate Policies section at:

 <https://aeoncredit.com.my/about-us/corporate-governance/anti-bribery-policy/>

or scan the QR code below:



(iii) Compliance

The Group operates in an industry, which is governed by and subject to strict regulatory oversight along with stringent underlying compliance requirements to ensure our nation's continuing economic stability and to protect our customers' interests.

The BRC supports the Board in overseeing risk management and compliance and, in this regard, exercises dedicated and constant vigilance to ensure risks are appropriately managed and balanced against our economic objectives. The BRC also constantly monitors the Group's satisfactory compliance with all governing laws and regulations. Given the strategic nature of our business and its impact on the nation's economy, non-compliance to laws and regulations can have a devastating impact on our sustainability as a business and put the interests of the Group's stakeholders at risk.

To ensure continuous compliance, the Board has approved a Compliance Framework to govern processes that drive compliance across the Group's business and operations. Training and awareness activities are regularly conducted to reinforce accountability and ownership of compliance and inculcate a risk awareness culture. The Legal and Compliance Department and the Risk Management Department, work in collaboration with business units in monitoring and managing compliance risks through conducting periodic reviews of related policies and internal controls.

The Group conducts its business in accordance with the laws and regulations, and continues to comply with all laws, regulations and guidelines issued by the relevant regulators, authorities and governing bodies having jurisdiction over the Group.

(iv) Whistleblowing

In keeping with good governance practices and to safeguard against wrongdoing or risky or unethical behaviour, AEON Credit has a Whistleblowing Policy ("WP") to govern disclosures of genuine and legitimate improper conduct within our organisation. We have in place a wide range of whistle-blowing channels for employees, suppliers and vendors to raise concerns in a secure and reliable manner, and be protected against retaliation. Additionally, AEON Credit provides whistle-blowers with protection of confidentiality (to the extent reasonably practicable) which is consistent with the Whistleblower Protection Act 2010.

All reports will be investigated in a confidential manner with the appropriate whistleblower safeguards and protections in place and further action will be taken, where necessary. Whistleblowers are kept informed of the outcome of the investigation testifying to AEON Credit commitment to transparency and corporate governance.

In FYE2024, there were 21 reports received on our whistle-blowing channels that were investigated and brought to proper closure.

Our WP and information on whistle-blowing channels is accessible from our website at:

 <https://aeoncredit.com.my/about-us/corporate-governance/whistle-blowing-policy/>

or scan the QR code below



SUSTAINABILITY STATEMENT

c. Business Innovation, Responsible Marketing, Product & Service Design



Differentiation and competitive advantage in the financial services industry is driven to a significant extent by innovation. Accordingly, constant innovation is critical for the sustainability and expansion of the Group's business. Innovation is also important for the Group to enlarge and protect our market share. As we innovate, AEON Credit is also conscious of our inherent duty of care to ensure that innovation is applied responsibly and ethically so that the spirit of integrity is infused into all our products and services whether new or existing.

(i) Financial Inclusion and Responsible Lending

As a financial services organisation, AEON Credit contributes mainly towards national socio-economic development through promotion of financial inclusion including financial literacy. For emphasis, Financial Inclusion and Literacy are initiatives contained within our Sustainability Roadmap.

The Group continuously develop innovative new and enhanced products and services to meet the evolving needs of our customers. Our commitment to financial inclusion continues to guide our product and services development efforts, for instance, our AEON Privilege Card for Hawkers and Petty Traders that supports acceptance and use of digital payments.

AEON Credit also supports Kementerian Pembangunan Usahawan dan Koperasi's events for hawkers and petty traders (Hari Penjaja) at both the local and national levels to promote and create awareness of the Privilege Card and the responsible use of credit.

In our efforts to promote financial inclusion we have developed products targeted at the underserved segment, obviously within prudent credit standards and affordability parameters, to facilitate access to financial services, these include:

- 1 Prepaid Cards with no minimum income requirement:
 - ▶ AEON Member Plus Visa Prepaid Card
 - ▶ AEON Members Privilege Card for Hawkers and Petty Traders
- 2 Credit Card
 - ▶ AEON Classic Credit Card with low minimum income requirement
- 3 Vehicle Hire Purchase tailored for the B40 segment. As a value supplement, all customers taking up our Motorcycle Financing are offered a Life Plus complimentary insurance coverage of RM30,000 for accidental death and RM10,000 for natural death

In addition, as an alternative to penetrate untapped customers, we have enhanced the current Used Car Easy Payment ("UCEP") scheme to increase their adaptability and flexibility based on the characteristics of different customer segments - the market has responded favourably to the new revised scheme, resulting in an increase in sales.

In the past year, AEON Credit has made significant updates to our credit policies and introduced new products with a focus on sustainability. We carefully balance risk management with an inclusive approach that considers diverse circumstances, targeting the young as well as low-income segments who lack income documents or credit track record. We have also refined approval criteria for existing customers and introduced region-specific criteria, adapting to changing financial landscapes while ensuring inclusivity. These changes aim to strengthen our risk management and demonstrate our commitment to responsible and inclusive credit practices.

AEON Credit has in place a Credit Risk Management Policy incorporating policies around lending, credit granting and management. Our credit assessment processes are guided by a scoring system that includes an assessment of credit applicants' Debt Service Ratio as part of complying to BNM's Responsible Financing Policy Document, this assessment is validated against the applicants' proof of income.

As a responsible provider of lending facilities, AEON Credit adopts a stance of total transparency and fair dealings with our customers providing clear disclosures of product information, terms, interest/profit rates, fees and charges to enable data-based, informed decision-making. In all cases, our marketing and customer prospecting efforts are tempered with a strong sense of responsibility to ensure that our customers' exposures are manageable and aligns with their credit servicing capabilities. Our employees are equipped with sound knowledge of product features and ethics to promote the products based on customer needs and provide relevant information to customers to help them in their decision making and to understand their obligations.

Our 3-year Sustainability Roadmap contains Entrepreneurs Financial Literacy as a key initiative signalling our intention to promote, develop and embed financial literacy among entrepreneurs as part of our commitment to financial inclusion. Given that the Roadmap was formulated only last year and contains a significant number of key initiatives, its implementation will be progressive,

however, the target for Financial Literacy has been set – as reflected in the earlier section on A Greater Inclination and Focus on Sustainability – and plans are being formulated to be put in motion in the future.

d. Transparency in Procurement Process



Procurement is an area where governance and control are imperative to ensure transparency and fair play. Appropriate and tight governance is also critical to protect the good name of AEON Credit to ensure the stakeholders continue to hold AEON Credit in high regard.

(i) Procurement Governance

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

All suppliers and vendors are pre-qualified through a series of due diligence processes covering:

- 1 Human Resource checks to identify and eliminate any conflict of interest that may arise from the involvement of family members and relatives
- 2 Credit bureau and credit rating checks to assess individual/company creditworthiness
- 3 Anti-bribery and Malaysian Anti-Corruption Commission (“MACC”) checks to ensure that vendors and suppliers are free from anti-bribery offences and are not in MACC blacklist

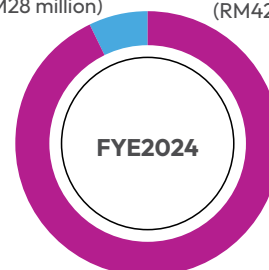
For operational efficiency and speed without compromising governance, AEON Credit practices a two-tier procurements governance approach. Only procurements valued at RM1 million and above are subject to an open tender while those below this threshold requires quotations from three (3) different vendors/suppliers. All tenders must be reviewed and approved by our Tender Committee to ensure transparency and fair evaluation in the vendor and supplier selection process. Additionally, all confidential information both internal and external related to the procurement must be strictly protected and only used for the purpose for which it was provided.

To ensure continued good performance and compliance to AEON Credit’s requirements, all suppliers and vendors are subjected to an annual assessment. Vendors rated as “poor” in the assessment are subject to blacklisting if required rectification or remediation is not instituted to the satisfaction of AEON Credit. Continued blacklisting can result in exclusion from future tenders.

(ii) Proportion of Local Procurement

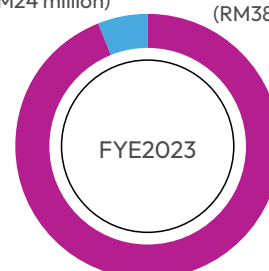
AEON Credit has a commitment to source and procure from local vendors and suppliers to support their continued development and contribute to national economic development. In FYE2024, payments to foreign suppliers and vendors increased marginally to 7% against FYE2023’s level of 6%. Relevant procurement statistics are presented in the diagram below.

Foreign 6% (RM28 million) Local 94% (RM422 million)



Total Payment to Suppliers and Vendors: **RM450 million**

Foreign 6% (RM24 million) Local 94% (RM383 million)



Total Payment to Suppliers and Vendors: **RM407 million**

SUSTAINABILITY STATEMENT

2 CUSTOMER EXPERIENCE

AEON Credit recognises that our customers are fundamental to our existence and provide the sustenance necessary to generate long-term value for our stakeholders. Accordingly, we embed customer focus into all that we do from strategies through to operations bringing to life AEON Group's "Customer First" philosophy every day. The Group strives to deliver beyond our customers' expectations upholding our conviction that customer experience excellence is foundational to building customer loyalty, customer retention, and consequently, achieving continued growth and market leadership.

There are two (2) material sustainability matters under our Customer Experience pillar, detailed articulation of each material sustainability matter appears below:



Excellent Customer Experience, Support & Access



Business Innovation, Responsible Marketing, Product & Service Design

a. **Excellent Customer Experience, Support & Access**



Excellent customer experience plays a pivotal role in AEON Credit's capacity to retain valued customers, expand customer base and attain market leadership. Customers' expectations have become more exacting as they grow in sophistication, therefore, it is critical that AEON Credit remains intensely focused on providing value continually and enhancing our customers' experience through our products, services and facilities.

(i) **Service Convenience and Customer Feedback**

The convenience which AEON Credit provides to our customers has improved significantly in terms of service access and support facilities – this is one of the results from the Digital Transformation programme. 24x7, anytime, anywhere availability and accessibility is now routine, automation has been infused into application and onboarding processes, a wider range of targeted products and services leveraging IT has been introduced. Our digitalisation journey continues in our relentless efforts to bring greater convenience to customers, widen/refresh our portfolio of products and services and enhance our risk

management capabilities. Our continuous efforts at enhancing customer convenience also have a societal uplifting intent. AEON Credit aims to contribute to wider accessibility to and responsible use of financial services through the Financial Inclusivity and Entrepreneurs Financial Literacy which are key initiatives in our Sustainability Roadmap.

Through constant interactions and feedback solicitations, we continually seek to understand our customers' needs, their expectations and our areas of improvement. We recognise that only with a deep understanding of our customers so we can develop products and services to meet their needs. In this regard, we place strong emphasis on a two-way relationship with customers and value their objectives and honest feedback. Such feedback spurs us to continuously improve so as to enhance our value propositions and service quality.

The Group has in place a variety of touchpoints to facilitate customer contact and interactions. These touchpoints are manned by trained and experienced customer service representatives to assist our customers with their enquiries, feedback and issues related to our products and services. Customer feedback are assimilated for learning points and serve as valuable input for service enhancements and to fine-tune our value propositions. A response time of three (3) days is imposed for customer complaints while for valid complaints it is 10 days.

All valid customer complaints are investigated and upon identification of the root cause(s), appropriate corrective actions will be executed for immediate remediation and to prevent future recurrence. Where the root cause relates to communication lapses or deficiencies in product information/processes, retraining and briefing will be conducted to ensure there is no recurrence of the same issue.

To supplement direct customer interactions, AEON Credit also leverage the following as additional sources for customer/service feedback:

- 1 Google reviews received from Customer Service Group
- 2 Customer Satisfaction Survey
- 3 Mystery shopper

(ii) Customer Service Focus

To continually maintain high standards in customer service, the Group is certified in ISO 9001:2015 Quality Management Systems. This certification testifies to the robustness and quality of the customer service processes AEON Credit have in place. Recertification is subject to a thorough and comprehensive audit every three (3) years. We were successfully recertified by an independent third party certification body in FYE2023. Annual surveillance audits are conducted subsequent to recertification to ensure maintenance of high standards, we successfully concluded the surveillance audit by an independent third party certification body in December 2023.

Our customer-facing employees being at the forefront of customer interactions are the Group's ambassadors and provide our customers with their first impression of the Group. Hence, the Group takes great pains to groom, train and develop our frontliners to represent the Group well and impeccably. Customer service programmes are an instrumental part of inducting newly recruited frontliners and continuously developing the incumbents.

In FYE2024, the following were conducted as part of the Group's continuous efforts in promoting and embedding excellent customer service.

- 1 Net Promoter Score ("NPS") to measure overall customer satisfaction of our services. The NPS was launched in August 2022 at which time the score was at +4, this has improved to +30 as of February 2024 marking a significant improvement in customer satisfaction and implying greater customer loyalty
- 2 #1 in Customer Service - Service Success Journey programme to emphasise good practices in the behavioral aspects of customer service excellence
- 3 Customer Experience Journey for all staff at Central Region aimed at improving customer service skills, inculcating positive attitude in delivering customer service
- 4 We continued to conduct our Service Excellence Award Programme for both Customer and Merchant Ambassadors (WoW Compliment). This Programme, proven effective in motivating customer service excellence, recognises our AEON Ambassadors who received compliments from customers for services rendered and serves to embed and reinforce a mindset of responsiveness in internal and external customer interactions

The diagram below shows the number of staff recognised for customer service excellence, notably there has been a larger number of achievers in the current year, from 562 in FYE2023 to 878 in FYE2024, an increase of 316 or 56%. This is indicative of the strong commitment of our customer service personnel to customer experience excellence.



In addition to customer service-focused programmes, the Group also conducts mandatory training on customer management and customer service to all new recruits in frontline roles. In addition, soft skills training is also routinely conducted for existing employees and new hires.

b. Business Innovation, Responsible Marketing, Product & Service Design



Innovation is a competitive prerequisite in financial services. Our innovative spirit is best epitomised by financial inclusion products, targeting the underserved market which are articulated under Financial Inclusion and Responsible Lending above, to reiterate, examples include the Privilege Card for hawkers and petty traders and credit products for the new-to-workforce or new-to-credit segments.

Given the growing significance of sustainability, this consideration is infused into our product innovation efforts, for instance Green Financing is a key initiative within AEON Credit's Sustainability Roadmap, to this end we have developed a range of green, sustainable finance products that are expected to appeal to changing customer sentiments towards environmental protection and conservation.

Initial offerings have been around financing of energy efficient appliances and air-conditioning systems which, given their lower electricity consumption, will have less environmental impact. Further details can be found in the sub-section on Sustainable Finance and Financial Performance as a material matter under Digital Product and Service Transformation.

SUSTAINABILITY STATEMENT

Our innovation also extends to bringing greater convenience to our customer through automation of back office processes, this is articulated in further detail in the sub-section on Excellent Customer Experience, Support & Access as a material under Digital Product and Service Transformation.

As we innovate in our product and service offerings, responsible features, terms and conditions takes centre stage to ensure that dealings with our customers are transparent, fair and equitable. The Group recognises that the experience we give to our customers hinges significantly on the integrity with which our products and services are marketed and the care that goes into the design of their underlying features. The Group diligently invests effort in designing fit-for-purpose products and services that

align with customers' requirements both in terms of meeting their financial needs as well as their need for transparency, predictability and clarity.

We adopt a responsible and transparent approach to marketing our products and services and provide our customers with full information on terms and conditions to support them in reaching an informed decision before making a commitment. Collectively, our efforts have the overarching intent of ensuring fair treatment to our customers and leave them with a favourable impression which, in turn, will encourage loyalty and promote customer retention

This material matter is also elaborated in the Conduct and Trust Pillar under the sub-topic on Financial Inclusion and Responsible Lending.

AEON CREDIT SERVICE ANSURAN MUDAH

Dapatkan Basikal dengan Kadar Faedah Bulanan Serendah 0.70%
Hanya dengan Ansuran Mudah AEON Credit
22 Ogos – 31 Oktober 2022

- Penangguhan Bayaran Awal
- Tempoh Pembiayaan Sehingga 48 Bulan
- Tanpa Kad Kredit

www.aeoncredit.com.my | Tertakluk pada Terma dan Syarat

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Hire Purchase Financing up to **90%** | Enjoy rates as low as **0.65%**

www.myaeoncredit.com.my
Terms & Conditions Apply



3 DIGITAL PRODUCT AND SERVICE TRANSFORMATION

The rapid maturity of emerging technologies, their significant acceptance globally – providing proof of concept and affirming workability – and increased affordability has provided the impetus for the adoption of these technologies within the local financial service industry. AEON Credit also recognises the opportunity to sharpen our competitive edge through leverage of technology to develop and bring to market enhanced value propositions to better meet customers' exacting demands and further expand our customer base. Our ongoing Digital Transformation programme was formulated to drive business improvement and operational efficiency through digitalisation. This programme has yielded a range of enhanced products and services, brought greater efficiency and effectiveness as well as optimised costs in our backoffice processes. Digitalisation will remain indispensable as AEON Credit strives to compete in the financial services market.

The Group has two (3) material sustainability matters under the Digital Product and Service Transformation pillar:

-  Excellent Customer Experience, Support & Access
-  Business Innovation, Responsible Marketing, Product & Service Design
-  Sustainable Finance and Financial Performance

a. Excellent Customer Experience, Support & Access

Our Digital Transformation Programme has a specific focus on customers in line with our basic principle of placing our customers at the core, specifically to meet their changing demands, add value, and enhance the ease and effectiveness of interacting with AEON Credit. As noted above, we have widened our portfolio of products and services with targeted offerings to suit a variety of customer circumstances and needs, as well, there has been significant automation in backoffice processes to ease interactions across the product/service lifecycle.

In the backoffice, there has been progressive automation of on-boarding processes, for instance E-KYC has brought ease and convenience for loan applications. We have also completed Personal Financing end-to-end digital onboarding in October 2023, consequently providing a seamless experience from application to agreement signing within one hour for customers with a good credit score. Additionally, through digital onboarding we are able to expedite loan disbursements within 24 hours.

Personal financing or loans are disbursed in real time to our customers' AEON Member Plus ("AMP") accounts if they have an AMP Card. For customers who do not have an AMP Card, full disbursement of financing is made directly to their current or savings account. Typically, a turnaround time of between 2 to 3 days is required for credits into bank accounts.

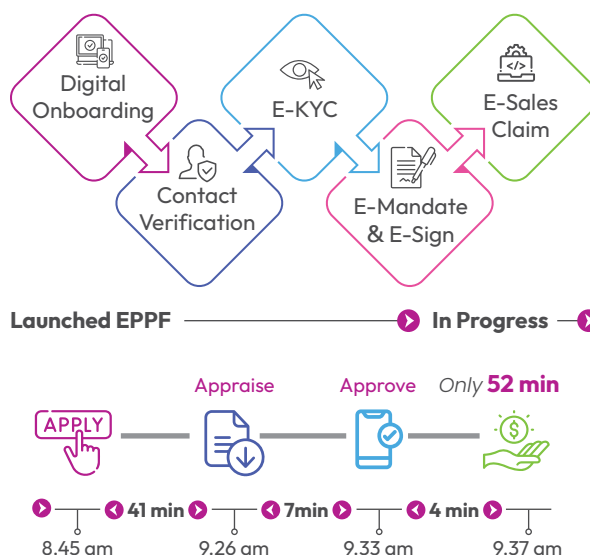


Illustration above shows the Personal Financing end-to-end digital onboarding, completed in October 2023, has led to good score customers enjoying a seamless experience from application to agreement signing in less than one hour.

The E-Signature feature, in addition to expediting the application process, also eliminates physical boundaries that might hinder the process. Significantly, in the 5 months (to financial year end) since its introduction in October 2023, E-Signature has yielded cost savings in excess of RM168k testifying to the additional benefit of cost optimisation.

Reception to our digital onboarding process has been positive, online applications in the month of October 2023 – the month of launch – increased by over 27% compared against the level in September 2023.

We have also progressively upgraded our AEON Wallet's usability to provide a widened range of functionalities to enhance our customers' experience and convenience, the latest functionalities, added in FYE2024, were EPPF and P2P transfer.



SUSTAINABILITY STATEMENT

Results from the upgrade of AEON Wallet has been encouraging with 100,000 new sign-ups since 2nd financial quarter of FYE2024 and accumulated repayments numbering in excess of 700,000 since its launch in March 2023. The positive reception will spur us to implement further upgrades to continually enhance customer experience.

To further enhance customer convenience, AEON Credit also provides instant conditional approval for our Easy Payment and Personal Financing (“EPPF”) facilities which were launched in September 2022 and May 2023 respectively. Backed by expedited validations through E-KYC and our Artificial Intelligence (“AI”)—based credit scoring model we have been able to perform pre-assessments to obtain comfort for conditional approvals. The pre-assessment has contributed significantly to easing and hastening the application process and we have also experienced a higher approval ratio for applications that have undergone pre-assessment.

Further, AEON Credit has an ongoing collaboration with AEON CO. (M) BHD (“AEON Malaysia”), part of the wider AEON Group and a retail company that offers a wide range of products and services, including groceries and home and living items, to leverage and intensify cross-selling opportunities. More importantly, this collaboration provides added value and convenience to our customers by facilitating access to a wide range of daily necessities and lifestyle products while linking them with financing options when needed.

To further uplift the experience we provide to our customers, we are revamping our branches and recruitment counters with a new concept, the revamp also incorporates initiatives to improve customer service levels.



b. **Business Innovation, Responsible Marketing, Product & Service Design**



Innovation is critical to business expansion, customer retention and to secure our economic sustainability. To this end, AEON Credit continually innovates to bring greater value and an enhanced experience to our customers. For example, plans are afoot to consolidate the offerings and services of various companies within the AEON Group under a single platform, the AEON Wallet, to leverage inherent synergies and provide access for customers to a widened range of products and services. This initiative will enhance our appeal to customers and increase customer “stickiness” helping us to retain our valued customers.



In addition to customer, business innovation has equal relevance to the backoffice as this brings enhanced operational efficiencies and cost optimisation on top of enhancing customer experience as testified by our end-to-end digital onboarding. We have also innovated in our risk management processes to meet the constant demand for customer convenience while containing risk exposure within defined risk management standards and risk appetites. This is exemplified by our pre-assessment processes.

IT is a principal enabler that AEON Credit leverages to translate innovative ideas into practical, working solutions. A case in point is the role of AI in our credit scoring model which has facilitated a faster credit application process while also containing risk exposures to within defined prudential standards and risk appetites. As noted above, supported by the AI-based credit scoring model, the application process is now faster with a higher approval ratio for customers within our risk appetite.

As another example of IT leverage, our Loan Origination System (“LOS”) 3.0 went live in September 2023 which further automated credit processing setting the platform for us realise greater operational efficiency. The completion of the LOS also move us further along towards completing and realising our goal of straight through processing. Further along the credit lifecycle, we have Implemented a risk-based collection scorecard model by categorising customers according to their scores and risk profiles for EPPF. This enables a more targeted collection process and facilitates increased effectiveness in collection management.

Competition in the financial services market can only intensify, to remain competitive AEON Credit will continually sharpen our competitive edge aided by our innovative spirit so as to secure economic sustainability and continue creating value for our stakeholders.

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

c. Sustainable Finance and Financial Performance



In FYE2024, AEON Credit refined our lending direction to include the provision of sustainable finance in realisation of our commitment to contribute to efforts to address global warming. Sustainable Finance is a key initiative contained in our Sustainability Roadmap and is integral to AEON Credit playing our rightful role alongside the global fraternity to care for and protect the environment. Offering sustainable financing is also in keeping with our efforts to reinforce business sustainability and achieve continuous positive financial performance. Customer sentiments are gradually shifting towards care for environmental well-being and adoption of greener practices and lifestyles and it is imperative that our portfolio of products and services is refined in tandem to address and support this shift.

(i) Sustainable Finance

Sustainable Financing is a key strategy for the Group to continue achieving desired economic outcomes and create stakeholder value while contributing to sustainability aspirations enshrined in the UN SDGs. We aim to promote greater environmental sustainability and contribute to uplifting society through our lending direction and, to this end, we have expanded our portfolio of products to include sustainable financing as an integral component.

Providing the impetus for our strategic focus on sustainability and our refined lending direction were:

- 1 Our Sustainability Roadmap developed in FYE2023 which contains Green Financing and Financial Inclusion, including Entrepreneurs Financial Literacy as key initiatives
- 2 Up to FYE2024, the Company has secured SLL from three Japanese banks and a local bank. Securing the SLL is a milestone achievement for the Group and, importantly, it underscores the lenders’ trust and belief in our commitment towards environmental conservation and protection

The SLL comes attached with the predetermined Sustainability Performance Targets (“SPT”) listed below that are in accordance with AEON Credit’s sustainability framework. The achievement of the SPTs is incentivised by alignment of SLL interest rates with the our performance:

- SPT1 – for green and social financing in relation to loans for the purchase of energy efficient appliances such as washing machines, air conditioners, televisions and refrigerators with 4-star or 5-star efficiency labels from the Energy Commission (or Suruhanjaya Tenaga). These includes solar panels and bicycles. SPT1 also covers the purchase of electric bikes. Our total amount of financing for SPT1 for the two categories is as shown:

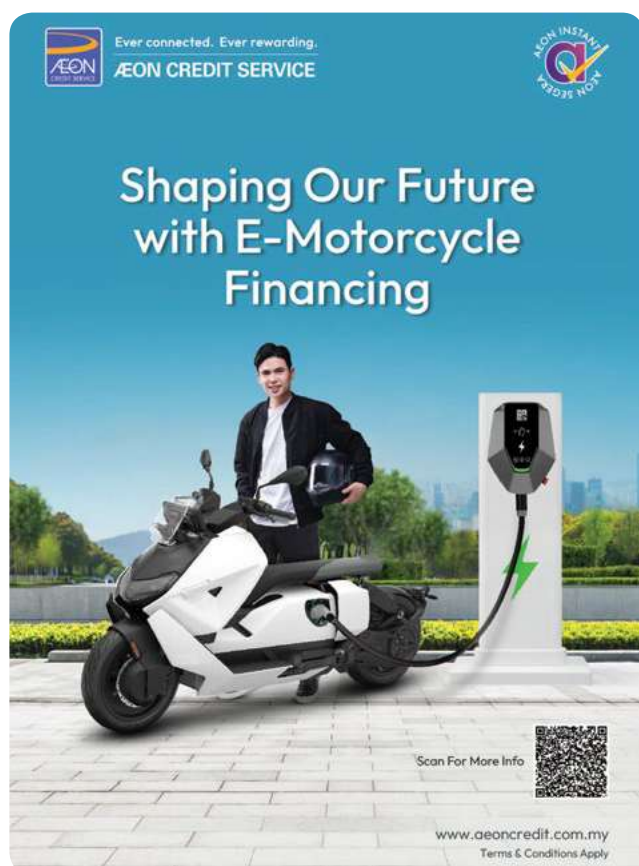
Sustainability Performance Targets (“SPT”)		Total (RM)
SPT 1	Financing for the purchase of energy efficient appliances- washing machine, air conditioner, television, refrigerator, solar panels and bicycles	7,821,618.90*
	Financing for the electric bikes	13,000.00

* The total financing amount also covers the warranty costs for certain products

- SPT2 – for meeting carbon reduction targets to support the Group’s 2030 carbon neutrality target. Please refer to GHG emissions on page 88 to see our performance against the SPT emission target.

SUSTAINABILITY STATEMENT

In the year under review, we introduced sustainable financing products, initial ones being for purchase of energy-saving appliances and systems with 4-star or 5-star efficiency label, electric motorcycles and scooters – all of which have a smaller environmental impact. Our sustainable finance products have been well received in the market with disbursements exceeding our budget.



Following the success of our maiden sustainable finance offerings, we have significantly enlarged our budget for FYE2025. The enlarged budget reflects our commitment to contributing directly to and promoting sustainability practices within our customer segments by encouraging and influencing deeper adoption of green practices. Our financing will have a continuing focus on energy efficient and low carbon appliances/devices and mode of transportation and green renewable energy generation mechanisms for instance, solar panels.

(ii) Financial Performance

As with all other commercial organisations, continuous positive financial performance is important to AEON Credit to provide the sustenance needed for growth and expansion and to reinforce our capacity and capabilities to generate stakeholder value.

Our Chairman has provided a succinct articulation of AEON Credit's financial performance in the year under review in his Chairman's Statement, to reiterate the Group recorded an improved financial performance in FYE2024 with Profit Before Tax increasing by 3.3% to RM565.17 million compared to RM546.98 million in the previous year.

We continue to place an intense focus on achieving positive results through measures targeted at:

- 1 Enhancing revenues
- 2 Expanding our revenue streams/sources of income

while at the same time:

- 1 Optimising cost through implementation of operational efficiency initiatives, in particular through automation and digitalisation
- 2 Astute and tight risk management to avert and minimise loan impairments

The economic values generated, retained and distributed for FYE2024 are depicted below.

	FYE2023	FYE2024
Economic Value Generated^(a)		
RM2.11 billion	▶ RM1.84 billion	▶ RM2.11 billion
Economic Value Distributed^(b)		
RM1.54 billion	▶ RM1.29 billion	▶ RM1.54 billion
Economic Value Retained^(c)		
RM565.17 million	▶ RM546.98 million	▶ RM565.17 million

Notes:

- (a) Refers to revenues and other operating income generated by the Group
- (b) Refers to impairment losses, personnel expenses, interest expenses, other operating expenses and share of results in an associate
- (c) Refers to Economic Value Generated minus Economic Value Distributed

4 EMPLOYEE HEALTH, SAFETY AND WELL-BEING

We spared no efforts to ensure that the health, safety and well-being of our employees are protected and safeguarded at all times to give them the peace of mind and security to continue delivering and contribute to AEON Credit's continued success and growth. We recognise the central role a skilled and competent workforce plays in fortifying our business sustainability and resilience. Reciprocating our workforce's contributions and in recognition of their efforts we strive to provide them with a competitive remuneration and support their continuing development. Diversity, equity and inclusivity are embedded in our Human Resources ("HR") policies and processes and brings to life an integral part of our corporate philosophy, specifically, "Respecting Humanity".

There are two (2) material sustainability matters under the Employee Health, Safety and Well-being pillar, detailed articulation of each of material sustainability matter appears below:



Employee Health, Safety & Well-being



Employee Benefits, Employee Engagement Programmes

a. Employee Health, Safety & Well-being

AEON Credit is committed to caring for our employees and we take this responsibility, indeed obligation, seriously to maintain the high performance and delivery capabilities of our workforce. The Group recognises the importance of workplace safety to the health of our workforce and acknowledges this as an intrinsic part of our duty of care for our people. To this end, healthcare benefits is an intrinsic part of our remuneration package which we constantly strive to improve in keeping with changes in the market and external circumstances. We are also acutely aware of the need to maintain workplace safety at high standards to provide our workforce with the security and confidence to continue delivering excellence free from distractions.

(i) Occupational Safety and Health

AEON Credit has in place an Occupational Safety and Health ("OSH") Policy that affirms our commitment to provide a safe and conducive working environment for all employees and safeguard customers and visitors from potential hazards caused by the Group's business activities.

In FYE2024, all employees and employees of contractors and vendors were covered under the Group's Occupational Safety and Health ("OSH") Management System, similar to FYE2023.

The Group's Occupational Safety and Health Committee chaired by the Head of Human Resources and Administration Group ensures the currency of the Group's OSH Policy for alignment to changes in our operating circumstances and the external environment as well for compliance to the Occupational Safety and Health Act 1994.

The Hazard Identification and Risk Assessment Methodology has been properly established to support the implementation of workplace safety.

Hazard identification and risk assessment activities are in the process of implementation. Moving forward, this exercise will be conducted on a need basis subject to changes in the organisation. The Group will also conduct audits on incident investigation, hazard identification and risks assessment when an incident occurs to determine corrective actions and improvements needed.

Office Emergency and Safety briefings are mandatory for new joiners, these are run concurrently with their induction programme. All appointed Fire Marshalls are given training on Essential First Aid and Fire Marshall Refresher Course on a periodic basis.

b. Employee Benefits, Employee Engagement Programmes

AEON Credit's commitment to our workforce is enshrined in our Basic Principle on personnel. This Principle states our commitment to: *"Creating a corporate environment in which human resources can be developed in a long term working relationship. Dealing with personnel based on ability and achievement regardless of nationality, age, gender or status. Our goal is to be recognised as the friendliest and people-oriented Group to work for"*. We hold the conviction that creating a mutually beneficial symbiotic relationship with our workforce is foundational to the AEON Credit's business sustainability and continued prosperity.

SUSTAINABILITY STATEMENT

(i) Respect for Human Rights

As a good and conscientious corporate citizen, AEON Credit has a fundamental responsibility to respect human rights in line with good sustainability principles. As part of our commitment and responsibility to respect human rights, AEON Credit has developed a Policy of Human Rights which was published in February 2023. This Policy, which is guided by International Labour Organisation's standards and the UN Universal Declaration of Human Rights, stays true to our sustainability principles on how we conduct business and aims to address human rights in our business operations and across our value chain, key human rights standards contained therein are:

- providing equal opportunities;
- promoting diversity, equality and inclusion, including commitments to gender equality and fair employment conditions;
- prohibition of discrimination in any form;
- providing a safe and healthy workplace;
- safeguarding workforce health and safety;
- protecting data confidentiality and privacy, specifically safeguarding confidentiality of employee data;
- protecting the rights of children through prohibition of all forms of exploitation of children, forced labour, slavery and human trafficking; and
- respecting community rights including refugees, persons with different abilities and indigenous people

(ii) Workforce Diversity

At AEON Credit, we celebrate diversity. Our approach to diversity is anchored on respect, equity and inclusivity which are infused into our equal opportunity approach to employment, remuneration and job progression. We have a zero tolerance towards discrimination, no discrimination is tolerated regardless of race, creed, class or any other form of differentiation. In line with the Group's Basic Principles and corporate philosophy, we respect the rights of every individual and foster diversity and inclusivity with the aim of building a harmonious, dynamic and strong workforce.

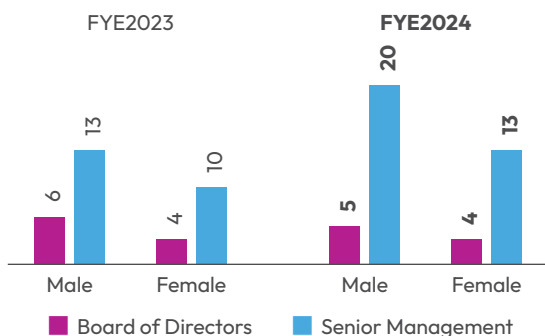
We recognise that a diverse talent pool affords us access to a wider range of opinions to provide the critical balance needed to formulate effective solutions. As well, diversity facilitates the infusion of cultural norms and sensitivities to heighten the feasibility and probability of success of ideas and solutions derived, this is especially relevant for our business which operates in a multicultural society.

Diversity, equality and inclusivity in the workplace builds and reinforces a strong sense of belonging within our workforce facilitating greater commitment and passion for high performance and effective contributions.

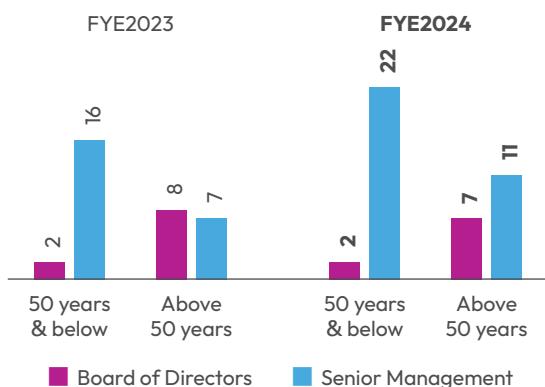
Gender composition of the Group's workforce has also remained relatively stable year-on-year. At the end of FYE2024, the gender ratio was 34% male : 66% female which is similar to that of the previous year.

Gender composition at the senior management level has also remained relatively constant. In FYE2024, the ratio was 61% male : 39% female compared to the previous year's 57% male : 43% female. This testifies to our efforts at maintaining gender equity at senior management ranks and reinforces our respect for capabilities of members of the fairer sex to make effective contributions.

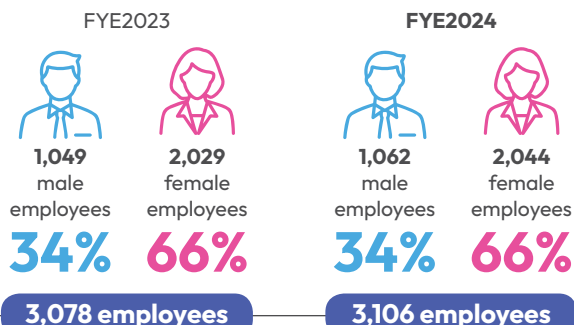
Gender Composition of Board of Directors and Senior Management



Age Composition of Board of Directors and Senior Management



Staff Composition by Gender



Staff Composition by Nationality

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

FYE2024



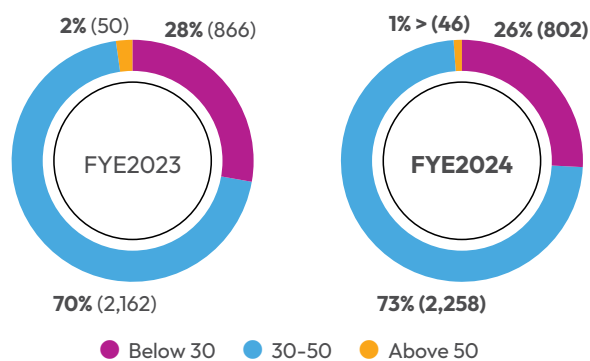
FYE2023



Staff Composition by Designation

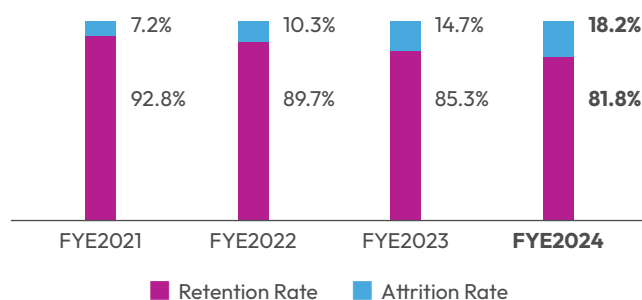
	FYE2023	FYE2024
Managing Director	1	1
Executive Director/ Executive Officer	4	5
Senior General Manager	5	3
General Manager	12	15
Assistant General Manager	4	11
Senior Manager	70	75
Manager	109	127
Assistant Manager	139	146
Senior Executive	479	556
Executive	1,855	1,836
Junior Executive	377	313
Clerk	15	9
Non-Clerk	8	9
Total	3,078	3,106

Staff Composition by Age Group



Attrition Rate

Employment opportunities has increased as resumption of economic activities gained ground in FYE2024 and this has intensified the war for talent resulting in a marginal fall in our retention rate from 85.3% in FYE2023 to 81.8% in FYE2024.



SUSTAINABILITY STATEMENT

(iii) Remuneration and Employee Benefits

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

AEON Credit is committed to offering a competitive remuneration and benefits scheme to our employees benchmarked periodically against prevailing market practices in both the financial services and non-financial services industry sectors.

Our remuneration and benefits policies and practices are designed to enable the recruitment of talents needed to support the achievement of our business objectives and realisation of business and operational strategies while constantly maintaining staff turnover at relatively low levels. Processes are in place for annual review of salaries and allowances to ensure that our remuneration package remains competitive and aligned to the external market.

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

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

* In FYE2024, we introduced a new benefit in the form of a flexible benefit scheme which allows employees to tailor their benefits package according to their individual circumstances and needs.

In relation to parental leave, 75 male and 163 female employees took parental leave in FYE2024. In FYE2023, the numbers were 66 male employees and 176 female employees.

(iv) Employee Training

AEON Credit subscribes to and supports continuous learning and development of our workforce. Change is a constant in the industry in which we operate be it in the operation environment, customer demands or in legislation and regulatory requirements. Hence, continuous learning and development must be and is, an integral part of developing the capabilities of our workforce so that we measure up and to the competition and continue to hone our competitive edge.

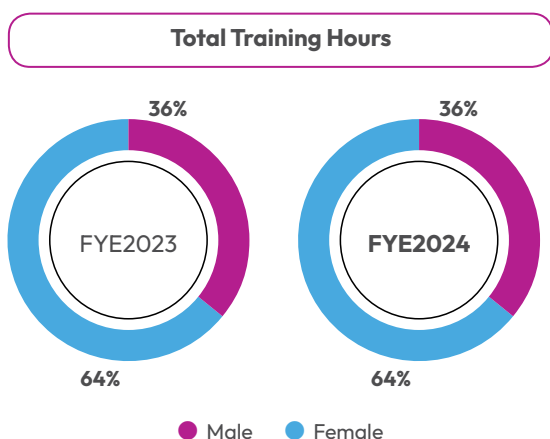
We conduct training across a range of business-relevant hard and soft skills subjects to provide our workforce with the requisite knowledge to perform optimally and to continuously enhance their proficiency and ability to deliver excellence. Training courses conducted for employees across FYE2024 were:

Scope of Training	Trainees
• Anti-money Laundering and Anti-terrorism Financing and Proceeds of Unlawful Activities Act • Financial Services Act • Personal Data Protection Act • Compliance	All staff
• Managing Misconduct	Assistant managers and all Executive level staff
• AEON Foundational Ideals and Group Future Vision	All staff
• Cyber security awareness	All staff
• Legal Familiarisation comprising workshops on Non-Disclosure Agreement and Contract Management System	Selected management and non-management staff
• Diversity and Inclusion - Communicating and leading across generations	Assistant managers and above

In addition to the above, following established and common practice, HR Induction training was conducted for all new joiners to introduce the Group, expectations of them and the various mandatory compliance requirements.

The Group has in place a range of talent development programmes designed to enhance and upgrade the competencies and skills of employees promoted to higher job grades, these programmes target employees of all ranks from non-management and junior management through to middle and senior management employees with topics specifically selected to suit the respective rank's job scope and responsibilities. In addition, we also have in place a mentoring programme for middle management to enable our middle managers to enhance their capabilities, learn from and receive guidance from their more experienced senior colleagues.

In FYE2024, total training hours accumulated across employees of all levels amounted to 70,700 hours. This a significant improvement over the 50,772 hours recorded in the previous year and represents an increase of 39%. The higher training hours testifies to AEON Credit's continued commitment to workforce continuous learning and development and our belief that training is key to enhancing the capabilities of our workforce to add value to themselves, AEON Credit and our stakeholders.



Average Training Hours		
	2023	2024
Female	15.93	20.94
Male	17.59	22.04
Total	16.50	21.32

(v) Employee Engagement

Employee engagement is an integral part of our HR management processes intended to embed a sense of belonging within the workforce and keep our employees passionate about working in the Group. Constant engagement creates a strong emotional bond between the Group and our employees which promotes higher productivity, contributions and serves as a motivational force to spur our workforce to greater heights.

The Group understands the importance of constant, open two-way communications with employees and, to this end, has put in place communication channels to provide a platform for all employees to voice their opinions, concerns and to receive their frank and objective feedback.

We spare no efforts in ensuring our employees are continually engaged. It is an acknowledged fact that a good employee experience goes a long way towards attracting and retaining top talent. We have instituted a range of mechanisms across the employment lifecycle to deliver an enriching and rewarding experience to keep our employees engaged and passionate which in turn, drives long term sustainable growth and value creation. In particular, we have instituted a variety of mechanisms that are intended to keep our employees engaged, committed and passionate, these include:

- **Talent development programmes** mentioned above that are an intrinsic part of our workforce's continuous learning and develop;
- **Employee Engagement Survey**, conducted annually to gauge employee satisfaction, engagement and solicit feedback. Insights obtained are used to implement targeted improvements and address concerns, ensuring that employees have a voice in shaping the workplace culture;
- **Wellness programmes** that focus on physical and mental health covering health seminars, health screenings, fitness classes, stress management workshops and vaccinations to promote a holistic approach to employee wellness;
- **Flexible work arrangement** which recognises the importance of work-life balance and supporting our employees in managing personal obligations to effectively balance their professional duties with personal responsibilities, ultimately enhancing job satisfaction; and

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- **Recognition and Rewards** to recognise and celebrate employee excellence, outstanding contributions, achievements and long service which not only boosts morale but also reinforces a culture of appreciation and reciprocation, making employees feel valued for their dedication and hard work. In FYE2024, we continue to recognise the invaluable contributions, dedication and loyalty of our workforce through Excellent Staff Awards and Long Service Awards.
- **Diversity and inclusion initiatives** in the form of diversity training and mentorship programmes that celebrate the unique backgrounds and perspectives of our employees, fostering a sense of belonging.
- **Social responsibility activities** which employees are encouraged to participate in such as volunteering and community outreach, this not only contributes to positive societal impact but also fosters a sense of pride and purpose among employees as they actively engage in making a difference.

In relation to the Employee Engagement Survey, the FYE2024 survey saw robust participation, with 2,387 employees or 91% of our permanent personnel taking part. Our employees actively shared their insights and perspectives in the Survey. The engagement score was 77% indicating a positive trend in employee engagement. This score serves as a benchmark for our ongoing efforts to cultivate a positive and engaging workplace.

We conducted a comprehensive analysis of the survey results, identifying specific areas of strength and opportunities for improvement. The findings were communicated transparently to all employees through their Group and Department Heads, emphasising our commitment to addressing their concerns and building a positive workplace.

The Group uses a variety of channels for employee engagement the principal ones are:

- **In-person events** for instance team-building, professional development workshops and knowledge-sharing seminars which provide our employees with valuable face-to-face interaction.

- **Town Hall Meetings (Dialogue with MD)** conducted regularly to provide updates on corporate developments, strategies and achievements. These sessions also provide a platform for open discussions allowing employees to voice their opinions and concerns directly to the leadership team.
- **Employee Awards Ceremony**, enhanced as a live event in our Annual Gala Dinner, to celebrate outstanding achievements. This not only acknowledge individual and team accomplishments but also allowed colleagues to share in the celebration together.
- **Digital collaboration platforms** which builds on the success of digital platforms created to overcome geographic limitations, these platforms facilitate real-time collaboration, significantly enhancing the effectiveness of engagements.
- **Wellness activities** conducted to promote employee health and well-being serves to encourage friendly competition, raise awareness and foster a sense of community around health and fitness.

All employee engagement channels have been applied to good effect, in particular, to fostering team cohesion and collaboration, building transparency and trust and enhancing camaraderie within the workforce.

The Group has a structured performance evaluation system which consists of target setting and annual performance assessments involving employees and their superiors. The process covers face-to-face interactions to establish clear and specific work expectations including KPI/target setting, continuous feedback, performance and career development review. We continuously enhance our performance management system to better suit our and the workforce's changing requirements, in FYE2024, enhancements were made in performance planning to reflect employees' opinion of the level of challenge presented by a KPI as well as their justification for that opinion.

All employees received regular performance and career development reviews in FYE2024.

5



ENVIRONMENTAL STEWARDSHIP

Caring for and protecting the environment is an imperative for AEON Credit as a good and responsible corporate citizen. Environmental damage and degradation also affects our business ecosystem from the workforce through to supplier and customers, it is apparent that business sustainability and the ability to continue generating value is intimately linked with the well-being of our planet. Hence, it is imperative that we are untiring in our care for the environment.

Recent experiences with extreme climate events have indicated the immensity of the associated human and infrastructure costs, the quantum can only rise as global warming and the attendant climate change gains further ground. Significantly, 2023 marks a year of record temperatures across the world. AEON Credit recognises the existential threat posed by climate change and has taken action – this is evident through the development of our 3-year Sustainability Roadmap in the FYE2023 during which we have also taken initial steps in carbon accounting by developing our emission profiles for FYE2022 and FYE2023. In the current year more substantial efforts have been made around climate action as will be evident in the sub-section on Climate Action.

There are two (2) material sustainability matters under the Environmental Stewardship pillar, detailed articulation of each of material sustainability matter appears below:



Environmental Management



Climate Action

a. Environmental Management



AEON Credit acknowledges our duty for environmental care and protection and is committed to do our part to preserve it for future generations. We are conscientiously reducing our carbon footprint and implementing initiatives to manage our energy consumption to reduce emissions and have implemented greener practices and circular economy principles in our operations, as well, we encourage our workforce to adopt the same in their work and lifestyles.

(i) Environmental Conservation

AEON Credit has always been an active contributor to environmental conservation, for instance in mangrove replanting. The COVID-19 pandemic impeded our initiatives in this area and in FYE2023, reforestation activities were kept on hold as the 3-year Sustainability Roadmap was developed so as to facilitate alignment. The completed Roadmap contains two key initiatives for Reforestation and Coastline Preservation, the implementation of which is planned for the future as initiatives will be implemented progressively to allow for the necessary planning, preparations and resource allocation.

For the next year, in terms of Reforestation, the plan is to conduct a biodiversity afforestation project at Kinta Nature Park, Perak through planting trees from endangered species together with Perak State Park Corporation and FRIM Incorporated (a subsidiary consulting firm of Forest Research Institute Malaysia). This plan also includes maintenance of planted trees to reduce mortality rate.

Under Coastline Preservation, a total of 4.0 tonnes of waste was cleared from 6 coastal areas nationwide together with local communities and university students. Also, 1,000 mangrove saplings were planted at Setiu Wetland together with School of Wetland Setiu and local communities.



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(ii) Environmental Management System

AEON Credit is certified in ISO 14001:2015 Environmental Management Systems (“EMS”) covering the processes and practices aimed at reducing environmental impact from business operation. This certification governs the collecting, recycling and disposal of waste appropriately by licenced vendors with notification submitted to the Department of Environment. Our ISO 14001:2015 EMS was successfully recertified by an independent third party certification body in FYE2022. The validity period for each certification is three years with annual surveillance audits conducted till the next recertification exercise. The first surveillance audit was completed FYE2023. The second surveillance audit, for FYE2024, was completed in December 2023 and all Opportunities for Improvement arising have been satisfactorily closed. A third surveillance audit is scheduled for 2024.

The Group promotes environmentally conscious and conscientious behaviour as part of realising our commitment to minimise the environmental impact of our operations, one of the ways we do that is through deployment of awareness posters. In FYE2024, posters with the following topics were deployed.

- ▶ Earth Hour 2023 – Towards A Carbon-Free Lifestyle
- ▶ Earth Day 2023 – Invest in Our Planet
- ▶ International Plastic Bag Free Day – Saving the Earth Starts with You
- ▶ Save Energy – Small Changes Make a Big Difference
- ▶ Plant A Tree
- ▶ Reduce Single-Use Plastic
- ▶ Do you Know What Scheduled Waste that We Generated?
- ▶ Save Paper, Print Both Sides

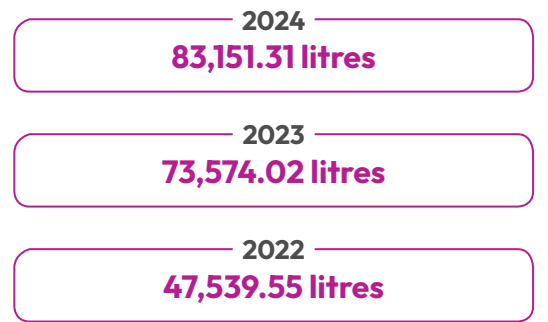


(iii) Responsible Consumption

Environmental and planetary care is embedded into the AEON Credit’s corporate consciousness. We practice responsible consumption as a matter of course, to us, this is “business as usual”. In helping the planet, we also help ourselves as responsible consumption leads directly to cost savings.

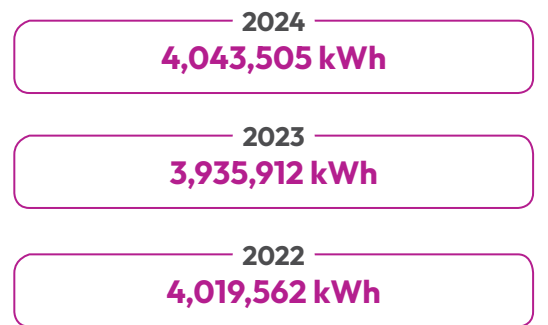
Energy management

The usage of fuel by company-owned vehicles contributed to our Scope 1 emissions. The table below shows fuel usage over the past three (3) years and is based on reimbursements for claims in respect of petrol purchased. Fuel consumption increased by 9,577.29 litres or 13% due to increased business travel.



We consume electricity in our daily operations which contributes to our Scope 2 emissions. In FYE2024, electricity consumption increased minimally by 0.1 mil kWh or 2.7% to 4 mil kWh as business approached normality and in tandem with the resumption of and increase in economic activities an increase in electricity consumption was recorded.

Our electricity consumption over the past three (3) years is indicated below:



We have instituted a range of initiatives over the years in our efforts to manage and reduce electricity consumption in our operations, this is a dynamic and on-going activity, plans for FYE2025 include:

- incorporate full replacement of fluorescent light fittings by the end of FYE2025 into branches’ renovations plans;
- R410a air-conditioning units in all locations to be replaced with the more energy efficient R32 units;
- fluorescent light tubes in the Head Office will be replaced with LED T5 models which are more energy efficient;
- occupancy sensors will be installed in certain rooms to automatically switch off lights when no movement is detected; and
- embedding an energy saving and responsible consumption culture among employees e.g. turning off computers and lights in meeting rooms when not in use.

Water Management

Our water consumption over the last three (3) years is depicted below:



Note:
The data for water consumption exclude our operations in Central Region through the financial year.

Our water consumption fell by 1,797m³ or 8% in FYE2024 compared to the FYE2023 consumption level. We have greater control over water consumption as it is relatively less essential to our business operations, the drop in consumption level testifies more accurately to the effectiveness of our efforts, to manage consumption and promote responsible use of water. These efforts include, continuous education to create awareness of green practices which include responsible consumption of water, promoting behavioural change among employees as well as leakage management and control.

Waste Management

Although AEON Credit does not generate a significant amount of waste, we, nevertheless, endeavour to reduce the generation of waste from our operations through active practice of circular economy principles such as the 3Rs. Notably, in respect of paper, the efforts in this area are also in keeping with our constant efforts at cost management. Our Digital Transformation

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Programme and continued adoption of automation has substantially reduced the need to use paper, our end-to-end online application for Personal Financing and the application of the Loan Origination System are prime examples. As well, we continue to actively educate and create awareness among our employees to use paper only when absolutely necessary.

We also actively manage e-waste in line with good environmental practices, for example in FYE2024 we collected and recycled 6.25 tonnes of e-waste from our Head Office, branch office in AEON BIG, Subang Jaya and Central Regional Offices comprising used/spoiled/discarded office electrical and electronic equipment. More significant, our recycling efforts diverted the e-waste from landfill contributing to environmental care.

b. Climate Action



AEON Credit acknowledges the urgency to mitigate climate change and protect the environment. We are committed to playing our part in solidarity with the global community in managing GHG emissions, as a result we have refined our lending direction to support the increased use and ubiquity of energy efficient appliances, modes of mobility as well as renewal energy generation facilities. Additionally, in common with many responsible corporate citizens globally we too, have a commitment to achieve carbon neutrality, our target timeline is 2030 which we will pursue relentlessly.

(i) GHG Emission

In FYE2023, AEON Credit commenced disclosure of our Scope 1 and 2 emissions in respect of emissions within our operational boundary covering the Head Office and AEON Credit Regional Offices as well as our branch offices in AEON malls and other shopping centres. This move signals a more intense focus on climate action to fulfil our obligations to support the global community in addressing the adverse effects of global warming.

We plan to add Scope 3 emissions from employee commuting as part of the emission disclosures in the near future. The emissions data will provide the clarity needed for us to make decisions on emissions that are data-based, resulting in more targeted and precise actions to manage emissions.

One of the mechanisms we leveraged in FYE2024 in our efforts to reduce GHG emissions is the consumption of electricity sourced from renewable sources in the form of Renewable Energy Certificates ("RECs"). This had the effect of offsetting our GHG emissions by 877.5 tonnes CO₂,

effectively reducing GHG emissions in FYE2024 to 1,639.5 tonnes CO₂. Compared against the level of 2,363 tonnes CO₂ for our baseline year FYE2022, GHG emissions fell by 723.5 tonnes CO₂ or 31% which significantly exceeded our targeted reduction for FYE2024 of 15%.

Year	FYE2022	FYE2023	FYE2024
(tonnes CO ₂ e)			
A. Direct (Scope 1*) GHG Emissions			
Total	108	172	200
Company vehicles/ fleet	108**	61	64
Fuel card for employees		111	136
B. Indirect (Scope 2***) GHG Emissions from purchased electricity			
Total	2,255	2,295	2,317
C. Gross GHG Emissions (A + B)			
Total	2,363	2,467	2,517
D. Renewable Sources (including RECs)			
Total	Nil	Nil	877.5
E. Net GHG Emissions (C - D)			
Total	2,363	2,467	1,639.5

* Represents emission from consumption of petrol in operation. Total Scope 1 GHG emissions include Carbon Dioxide (CO₂), Nitrous Oxide (N₂O) and Methane (CH₄) from FYE2023 and FYE2024 vehicle fuel combustion

** Data for FYE2022 only measures CO₂ and is a combined total as the breakdown of categories was not available for that year

*** Total Scope 2 GHG emissions represents emission from consumption of purchased electricity.

In FYE2022, we conducted a base year GHG emissions calculation for both Scope 1 and Scope 2. Our emission factor for Scope 1 is based on 2006 IPCC Guidelines for National Greenhouse Inventories (Volume 3: Energy), while that for Scope 2 is based on the Institute for Global Environmental Strategies ("IGES") List of Grid Emission Factors August 2022 (Version 10.12), National Greenhouse Accounts Factors July 2019. Our emission factor sources for Scope 1 and Scope 2 have remained unchanged in FYE2023 and FYE2024.

The table below lists our carbon intensity for the past three (3) years. Carbon intensity is expressed as tonnes CO₂ per RM million revenue.

Year	FYE2022	FYE2023	FYE2024
	(tonnes of CO ₂ per RM mil)		
Carbon intensity	1.55	1.45	1.19

Carbon intensity has declined by 0.26 tonnes CO₂ per RM million of revenue, this represents a decrease of 18%. However, compared against FYE2022 baseline carbon intensity has decreased by 23% or 0.36 tonnes CO₂ per RM million of revenue due to our efforts at managing our emissions.

AEON Credit's business is not one that is carbon-intensive and, unlike other more carbon-intensive businesses, varying our consumption patterns and processes have minimal impact on emission reduction. However, we do have the capability to create a more widespread and profound impact through our lending direction. In FYE2024, we have refined our lending direction for greater orientation and focus toward sustainable finance – greater details are articulated in the section above on Sustainable Finance. Having made a start, this line of business is set to expand further as we intensify our battle against global warming.

(ii) Task Force on Climate-Related Financial Disclosure (“TCFD”) Reporting

AEON Credit is proactively preparing for the adoption of the TCFD reporting regime driven by an appreciation of the transparency this reporting regime facilitates on financial impacts arising from climate change. This increased transparency will help investors and ourselves in making informed, data-based decision to address and mitigate climate change.

We have conducted a comprehensive assessment of potential risks and opportunities posed to our business and operations by climate change including a scenario analysis based on scenarios from the Network for Greening the Financial System (“NGFS”). Detailed scenario planning and flood risk assessments were also conducted which facilitated the identification of vulnerable areas, critical infrastructure and assets that may be affected. Following this, AEON Credit will establish a TCFD implementation roadmap, which incorporates climate considerations, within our existing sustainability framework.

In FYE2024, we have made initial efforts at TCFD adoption, the table below lists partial disclosures around selected TCFD core disclosure areas based on a TCFD Gap Analysis and Scenario Analysis study. The study involved two (2) workshops with all Group Heads and covered:

- identification of material climate-related risks and opportunities; and
- climate risk scenario analysis with a projected time horizon of 2050

Findings from the study were applied to determine the current year partial disclosures, identify gaps between current practices and TCFD recommendations and resolutions to close gaps identified to achieve full alignment to TCFD recommendations.

The outcome of the scenario analysis and flood risk profiling of AEON Credit's operational sites and customers will be presented to the Board at their meeting scheduled for Quarter 1 FYE2025. The TCFD Implementation Roadmap containing steps to be implemented over the short-, medium-, and long-term to refine our reporting processes to achieve full TCFD alignment will also be tabled at the Board meeting.

Governance

AEON Credit have in place a robust Sustainability Governance Structure in which the Board and Top Management have oversight and management responsibilities in respect of climate-related issues. Sustainability considerations have been integrated into business strategies and operations and form an integral part of decision making. Climate considerations have gradually gained increased attention in Board and Management deliberations and decision making and will become more deeply embedded as familiarity with the inherent complexities build within the Board and Management. Climate-related training will form a formal part of the Board and Management training agenda for next year.

Strategy

AEON Credit has identified climate-related risks and opportunities across defined timelines, specifically the short-, medium- and long-term horizons. We have also identified and assessed the attendant impacts these risks and opportunities have on our business operations. Collectively, these basic data will support the formulation of appropriate strategies which will be more targeted, precise and possess greater efficacy. This process will be formalised and integrated into our strategic planning process, hence giving credence to climate change.

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Risk Management

AEON Credit's climate-related risk management is in its infancy, nevertheless we made an important first step in recognising climate change risk as one of our enterprise risks. Next, we will move to incorporate climate-related matters in Board and Management deliberations to embed climate awareness and enhance familiarity and understanding of the inherent complexities which will facilitate infusion of climate into risk management processes through a top-down approach – this approach explicitly signals top level commitment and ownership. The intent is, in the longer term, to infuse climate into the process of identifying, assessing, prioritising and managing risks.

To bring the foregoing to life, the BRC will develop the appropriate risk identification, assessment and management processes for climate-related risks and facilitate the integration of climate risk management into business strategies and operations. Additionally, to further reinforce climate-related risk management, the Chief Risk Officer cum Head of Sustainability and Risk Management will report to the BRC and Board on climate-related issues to ensure oversight and monitoring.

Metrics and Targets

AEON Credit has commenced the monitoring and disclosure of several climate related metrics such as energy consumption, Scope 1 and 2 emissions. We have also set medium-and long-term targets for key improvement opportunities. AEON Credit will establish a data collection process for Scope 1 and 2 GHG emissions using a GHG emissions dashboard which will automate data collection and compilation for greater efficiency.

We have yet to incorporate specific climate-related performance metrics into Board and Top Management performance scorecards which is most effectively done when a sufficient level of climate understanding has developed at the top levels.

6 CONTRIBUTING TO COMMUNITIES

As AEON Credit creates value and pursue our economic objectives, we are acutely conscious of the need for us to display our humanity and give back to society to reciprocate their support and to show gratitude for the success we have been bestowed. We place great importance in supporting the vulnerable in their time of need and support the less privileged to pursue their goals and aspirations. In our multi-cultural society we also make it a point to celebrate all major festivals together to foster close and enduring ties with the community.

There is one (1) material sustainability matter under the Environmental Stewardship pillar:



Strategic Community Investment

a. Strategic Community Investment



“Contributing to Local Communities” is part of our corporate philosophy and the spirit of philanthropy is engraved into our corporate DNA. Our annual budget invariably contains an allocation for community investment which we apply judiciously to reciprocate local communities for their support and to assist the vulnerable and less privileged to meet pressing needs or to pursue their aspirations.

(i) Malaysian AEON Foundation (“MAF”)

MAF is the joint philanthropic arm of AEON CO. (M) BHD., AEON Credit Service (M) Berhad, AEON BiG (M) Sdn. Bhd., AEON Delight (Malaysia) Sdn. Bhd. and AEON Fantasy (Malaysia) Sdn. Bhd. The MAF has, since its establishment in 2004, been actively assisting communities during festivities and natural calamities and also supporting vulnerable individuals with a focus on education, shelter and medical support. An amount of over RM20 million has been contributed nationwide since 2004. AEON Credit contributes an annual amount of RM1.0 million together with AEON CO. (M) BHD. to support the MAF's community impact activities.

Similar with previous years, community investments made by MAF in FYE2024 focused on community well-being (through donations and extension of financial support to vulnerable members of the community), financial assistance in the form of donations and assistance during natural calamities, festivity contributions and community enrichment programmes.

In March 2023, the Foundation donated RM1 million to assist the Turkiye Earthquake victims through the Turkiye Embassy in Malaysia.

In FYE2024, the Foundation's activities and programmes benefited 5,404 beneficiaries (FYE2023: 7,733 beneficiaries) while a total of 873 volunteers (FYE2023: 1,472 volunteers) participated in our various community investment events/projects including Corporate Social Responsibility.

Environment



Nationwide Coastal Clean-up at 6 Coastal Areas



Mangrove Tree Planting at Setiu Wetland, Terengganu

Education



Financial Savvy Programme



Malaysian AEON Foundation Smart Classroom Project



Road Safety Advocacy Programmes with Motorcycle Manufacturers and Dealers Association

Community



Charity Shopping – Malaysian AEON Foundation AEON Mesra



Natural Calamities Relief Aid – Malaysian AEON Foundation AEON Bantu



Direct Donations – Malaysian AEON Foundation Turkiye Earthquake Donation

SUSTAINABILITY STATEMENT

(ii) Education

Our dedicated efforts in supporting education deserves special mention. AEON Credit appreciates the importance of education on the future of students and how education shapes students into productive members of society who can collectively contribute to the nation's growth and progress. In support of deserving students in need, the Group has in place a formal programme to award scholarships to deserving students at three (3) public universities namely, Universiti Malaya, Universiti Sains Malaysia and Universiti Putra Malaysia.



Malaysian AEON Foundation Smart Classroom Project

In FYE2024, 12 students were awarded scholarships while there were 7 graduates. The investments made on scholarships in FYE2024 amounted to RM105,800. On a cumulative basis, from FYE2022 to FYE2024 a total of 17 scholarships were awarded, out of which 11 students have graduated. Cumulative investments over this period was RM404,800.

Another education-based contribution which explicitly reflects the Group's commitment to education is the Malaysian AEON Foundation Smart Classroom Project, which in FYE2023 received an investment of RM1.0 million for implementation in 20 secondary and primary schools across 10 states nationwide. This sustainable community initiative aims to enhance digital learning, aided by digital tools, in schools across the country and to help bridge the education gap for students from low-income families by providing equal learning opportunities and with a commitment to strengthen their readiness in realising the aspiration of developing Malaysia as a digital nation.

In FYE2024, our investment in this area benefited an additional 12 schools nationwide. A special teachers' workshop was organised to ensure better utilisation of the Smart Classroom setup for student education. During the workshop, a financial literacy session was held to equip teachers with basic financial management skills and scam prevention techniques.

Moving forward, the Group will collaborate with the MAF to conduct digital tuition classes aimed at assisting students who are struggling in their studies to improve further. This initiative ensures continuous benefits for both students and schools.

PROGRESS REPORT ON AEON CREDIT 3-YEAR SUSTAINABILITY ROADMAP

Focus Area	Key Initiative	Goal	Current Progress	Future Plans	Sustainability Statement Reference
Environment (Towards Carbon Neutral Business)	Reforestation	- To plant 10,000 trees from endangered species in Kinta Nature Park - Biodiversity reporting aligned to Taskforce on Nature-related Financial Disclosures ("TNFD")	Early phase – multi stakeholder engagement to secure support and collaboration	First phase of reforestation activities planned for implementation in FYE2025	Environmental Stewardship Environmental Management
	Coastline preservation	Nationwide coastal conservation – establish collaborative platform to engage with local town councils, businesses and university students to conduct coastal clean-up and assist in waste collection and recycling	- A total of 4.0 tonnes of waste was cleared from 6 coastal areas nationwide together with local communities and university students 1,000 mangrove saplings were planted at Setiu Wetland together with School of Wetland Setiu and local communities	Continue with and expand nationwide coastal clean-up activities in FYE2025	
	Carbon emission reduction	The Sustainability Performance Targets ("SPT") focuses the Group to carbon neutrality by FYE2030	- FYE2022 baseline data established - GHG, specifically Scope 1 and 2 emissions, reduced by more than 15% of the target set - Awareness/education to employees on driving/riding a low-carbon commute	- To establish Climate Action Framework and Decarbonisation Plan - Targeting a 25% reduction in Scope 1 and 2 emissions in FYE2025 - Targeting to include emission data in respect of employee commuting in Scope 3 reporting	Environmental Stewardship Climate Action
	TCFD adoption	Full alignment to TCFD reporting by FYE2025	Partial adoption of TCFD	- Embed climate considerations into business, strategies and financial planning - Enhance data collection for and disclosure of sustainability metrics	
Economy (Market Leader for EV Financing)	- EV Manufacturers collaboration - Mainstream EV Business - Employee Hybrid Electric Vehicles ("HEV") and Battery Electric Vehicles ("BEV") financing promotion	Financing of low emission electric vehicles and embedding this as an integral part of the Group's business with the goal of attaining market leadership	Initial offering of sustainable finance has started in FYE2024	Continuous exploration of opportunities to expand EV financing portfolio	Digital Product and Service Transformation - Excellent Customer Experience, Support & Access - Business Innovation, Responsible Marketing, Product & Service Design - Sustainable Finance and Financial Performance

SUSTAINABILITY STATEMENT

Focus Area	Key Initiative	Goal	Current Progress	Future Plans	Sustainability Statement Reference
Economy (Financial Inclusion for Micro Enterprise)	1. Micro Financing for Business 2. Financial Inclusivity 3. Entrepreneurs Financial Literacy	SPTs focuses the Group to promoting and contributing to financial inclusivity, for instance, financing to underserved, petty traders and hawkers	1. Privilege Card for hawkers and petty traders already in place since FYE2023 2. Continue to expand our portfolio of products to widen access to financial services for underserved segments 3. Continue to raise awareness about and promote the Group's digital platforms and customer-focused capabilities e.g., AEON Wallet, end-to-end online personal financing processing amongst others	1. Developing a 3-year financial inclusion roadmap, including financial literacy and financial inclusion for individuals and communities 2. We are dedicated to reducing GHG emissions by aligning our target of carbon neutrality through expanded digitalisation. This activity will also be part of the 3-year financial inclusion roadmap	
Economy (Green Financing)	1. Green Lending 2. Green Borrowings 3. Digital Volunteering	1. Embed financing for green low emission appliances/devices, modes of mobility and renewable energy facilities/system as an integral part of the Group's portfolio of products 2. Leveraging digital platforms to drive market expansion including e-donation platform to support local charitable foundations 3. Promote and increase utilisation of AEON Wallet through digital credit card and use of non-PVC alternatives as card raw material	Initial offering of sustainable finance has started in FYE2024	1. To establish Sustainability-Linked Loans funding framework 2. Continuous expansion of customer-focused digital capabilities that offers greater convenience and access to an enlarged range of products and services	
	Eco-friendly cards		Instituted reward scheme for green spendings	Initiatives are currently at planning stage	

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Focus Area	Key Initiative	Goal	Current Progress	Future Plans	Sustainability Statement Reference
Social (ESG Education in Schools)	Digital Literacy Programmes	Promote and widen digital literacy as part of the Group's Social Impact programme:	1. Invested in the Smart Classroom project 2. Conducted special workshop for teachers to ensure better usability of the setup in Smart Classrooms	Initiatives are currently at planning stage	Contributing to Communities • Strategic Community Investment
	Solar Panel Installations	Support installation of solar panels to promote generation and use of renewable energy	Yet to commence implementation	Initiatives are currently at planning stage	
	Waste 3R Programme	Promote and embed circular economy through sustainable waste management based on the 3Rs (Reduce, Reuse, Recycle) concept	Internally, 3Rs is already practiced as routine in operations with all AEON Credit constituents possessing an awareness of significance of managing consumption and protecting the environment	Initiatives are currently at planning stage	
	Road Safety Awareness	Raise and embed knowledge and awareness of road safety among students	1. Conducted road safety advocacy programmes 2. Distributed SIRIM certified children helmets and reflective vests	Initiatives are currently at planning stage	

SUSTAINABILITY STATEMENT

Focus Area	Key Initiative	Goal	Current Progress	Future Plans	Sustainability Statement Reference
Governance (Good ESG Governance)	Board Commitments	The Board, which has always had a keen focus on sustainability, has deepened its involvement in ESG matters in recent years. Together with the Management Sustainability Committee ("MSC"), the Board sets sustainability policies and oversees sustainability management and the realisation of sustainability responsibilities	Our Managing Director has assumed Chairmanship of the MSC effective March 2024, taking over from the CFO who has ably led the MSC for over 2 years	1. Climate governance to be introduced after completion of the TCFD Implementation Roadmap targeted for April 2024 2. Deepened Board oversight of climate-related risks and opportunities 3. Board to be trained on climate related aspects of sustainability 4. As AEON Credit progresses in our sustainability maturity as guided by our Sustainability Roadmap, sustainability considerations at Board level will be more wide-ranging and complex including climate-related ones	Sustainability Governance
	Management Commitment	Greater and more explicit Management attention and commitment on sustainability	Sustainability is an integral part of Management deliberations and decision making	1. Widening Management's responsibilities on management of climate-related issues, risks and opportunities 2. Provide training on climate awareness to the Management	
	Endorsement and Assurance	Third party assurance services of sustainability reporting	For the first time, we have engaged an independent third party to provide assurance over selected aspects of our Sustainability Statement and our progress in meeting the SPTs attached to SLLs	Independent third party assurance to be conducted annually	



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by AEON Credit Service (M) Berhad (hereafter referred to as Aeon Credit) to perform an independent verification and provide assurance of Aeon Credit Sustainability Statement 2024. The main objective of the verification process is to provide assurance to Aeon Credit and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to sustainable performance information (subject matter) within the assurance scope which is included in Aeon Credit Sustainability Statement 2024.

The management of Aeon Credit was responsible for the preparation of the Sustainability Statement. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Aeon Credit's Sustainability Statement, and the Integrated Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Aeon Credit Sustainability Statement and its overall presentation against respective frameworks such as UN-SDGs, GRI Standards requirement, TCFD and other relevant frameworks. The assurance process involves verification of 11 material matters as presented in the Sustainability Statement, reported under associated Sustainability Pillars namely, Conduct and Trust, Customer Experience, Digital Product and Service Transformation, Employee Health, Safety and Well-being, Contributing to Communities and Environmental Stewardship. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International between April and May 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed check of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Aeon Credit Integrated Annual Report 2024.
- The corporate office, UOA Corporate Tower, Bangsar South City was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Aeon Credit's offices. And,
- The verification team did not verify any contractor or third-party data.

SUSTAINABILITY STATEMENT

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Aeon Credit relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by Aeon Credit. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Aeon Credit has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Aeon Credit Sustainability Statement 2024 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The Sustainability Statement offers a reasonable and balanced presentation of Aeon Credit's sustainability performance.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamorthy	:	Team Member
3)	Ms. Farhanah Ahmad Shah	:	Team Member
4)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member

Statement Prepared by:


AERNIDA BINTI ABDUL KADIR
 Team Leader
 Management System Certification Department
 SIRIM QAS International Sdn. Bhd.
 Date: 9 May 2024

Statement Approved by:


Ts. MD ADHA BIN RAHMAT
 Senior General Manager
 Management System Certification Department
 SIRIM QAS International Sdn. Bhd.
 Date: 15 May 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (9 May 2024).



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

The Board of Directors
AEON Credit Service (M) Berhad
Level 18, UOA Corporate Tower,
Avenue 10 The Vertical,
Bangsar South City,
No. 8, Jalan Kerinchi,
59200, Kuala Lumpur.

Dear Sirs,

Independent Limited Assurance Report on Selected Sustainability Information of AEON Credit Service (M) Berhad ("AEON Credit" or the "Company") and its subsidiary (the "Group") for the financial year ended 29 February 2024

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on AEON Credit's Selected Sustainability Information (the "Subject Matter"), published in AEON Credit's Integrated Annual Report for the financial year ended 29 February 2024 (the "Integrated Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with AEON Credit's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 29 February 2024 are as follows:

- (i) Financing for the purchase of energy efficiency appliances – washing machines, air-conditioners, televisions, refrigerators, solar panels and bicycles (RM);
- (ii) Financing for electric bikes (RM);
- (iii) Scope 1 greenhouse gas (GHG) emissions (tCO₂e) – company vehicles/ fleet; and
- (iv) Scope 2 GHG emissions (tCO₂e) – purchased electricity.

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information covers the Group's operations in Malaysia.

Board of Directors' and Management's Responsibilities

The Board of Directors and the management of AEON Credit (the "Directors" and the "Management" respectively) are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

SUSTAINABILITY STATEMENT



**AEON Credit Service (M) Berhad ("AEON Credit")
and its subsidiary (the "Group")**
*Independent Limited Assurance Report on Selected Sustainability Information
of AEON Credit Group for the financial year ended 29 February 2024*
15 May 2024

Board of Directors and Management's Responsibilities (continued)

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Integrated Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against the Group.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures, amongst others, included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Integrated Annual Report;
- Compared the Subject Matter presented in the Integrated Annual Report to underlying sources on a sample basis to determine whether the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Integrated Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of AEON Credit.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



**AEON Credit Service (M) Berhad ("AEON Credit")
and its subsidiary (the "Group")**
*Independent Limited Assurance Report on Selected Sustainability Information
of AEON Credit Group for the financial year ended 29 February 2024
15 May 2024*

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention to cause us to believe that the Subject Matter for the financial year ended 29 February 2024 is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any other party.

We consent to the inclusion of this report in AEON Credit's Integrated Annual Report in respect of the financial year ended 29 February 2024, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

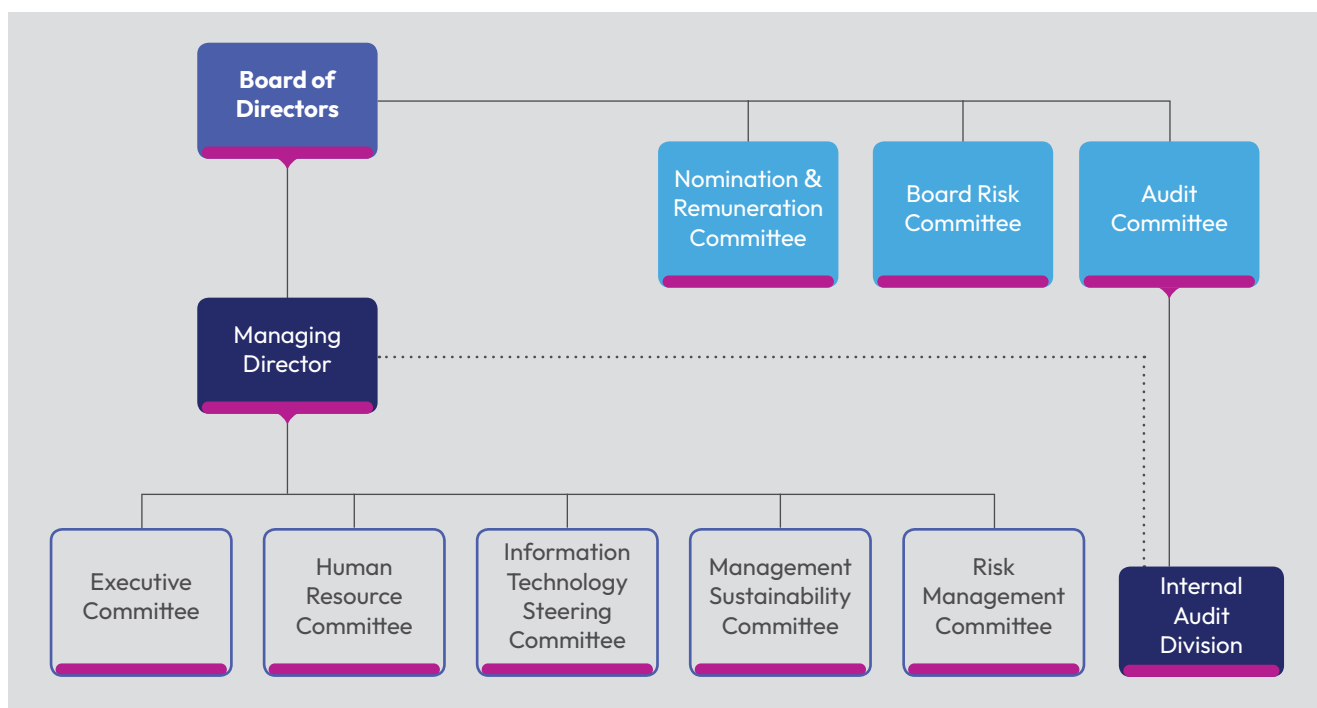
Petaling Jaya

Date: 15 May 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of AEON Credit holds the conviction that impeccable corporate governance (“CG”) is imperative for the Group’s continued success and foundational to continuing resilience, market competitiveness and value creation ability. CG underpins our risk-managed approach to conducting business ensuring that our risk appetite commensurate with anticipated returns and our financial capacity. Additionally, CG reinforces accountability through greater transparency and protects our good name and reputation, these collectively reinforce investors’ trust and improves access to capital.

As a financial services provider, AEON Credit is subject to a comprehensive regulatory regime which includes stringent oversight and supervision. The Board is committed to full and complete compliance of all regulatory requirements and has established the CG framework below to guide our CG and regulatory compliance processes.



The CG framework is predicated on the relevant statutes, authoritative guidelines and industry best practices in CG, amongst which include:

- Companies Act 2016;
- Malaysian Anti-Corruption Commission (“MACC”) Act 2009;
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”);
- Policy Document on Corporate Governance issued by Bank Negara Malaysia (“BNM”);
- Corporate Governance Guide (4th Edition) (“Bursa CG Guide”) published by Bursa Malaysia; and
- Malaysian Code on Corporate Governance (“MCCG”) issued by the Securities Commission Malaysia (“SC”).

The Board places significant importance on infusing and embedding CG best practices across all corners of AEON Credit to ensure all internal and external stakeholders practice good CG as a matter of course. To this end, the Board, supported by the Board Risk Committee, regularly review CG policies and processes for adequacy, relevance, effectiveness and currency.

This Corporate Governance Overview Statement (“CGOS”), made pursuant Paragraph 15.25(1) of the MMLR and in accordance with the MCCG, summarises the Group’s CG practices during the financial year ended 29 February 2024 (“FYE2024”) to provide shareholders and stakeholders with an overview of how the Group has applied the three (3) Key Principles of the MCCG:

- (i) Principle A: Board Leadership and Effectiveness;
- (ii) Principle B: Effective Audit and Risk Management; and
- (iii) Principle C: Integrity in Corporate Report and meaningful relationship with stakeholders.

This CGOS should be read together with the Corporate Governance Report (“CG Report”), which is available on:

 <https://aeoncredit.com.my/investor-relations/integrated-annual-report/>

or scan the QR Code below:



The CG Report provides a detailed articulation of AEON Credit’s application of the CG corporate governance prescribed in the MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES AND SENIOR LEADERSHIP OVERSIGHT

The Board oversees the orderly conduct of the Group’s business to ensure the creation and protection of shareholder value for which it is ultimately responsible. In this regard, the Board sets overall strategies for the Group and supervises the Management in the execution of those strategies. The Board also ensures that good CG policies and practices are implemented and that regulations and guidelines which the Group is subject to are fully and diligently complied with. The Board believes that congruence of business strategies and CG practices is fundamental to successfully implementing the Group’s strategies in prudent and well managed manner.

In discharging its duties, the Board acts in good faith, with proper diligence and care, and in the best interests of the Group and its shareholders. The principal roles and responsibilities of the Board, broadly, are:

- (i) Approve business plans, risk appetite/tolerance, and other corporate initiatives that have a material impact on the Group’s risk profile and profitability;

- (ii) Oversee implementation of the Group’s CG framework and systems of risk management and internal control and risk management, periodically reviewing them to ensure relevance, sufficiency and effectiveness, in light of changes in the size, nature and complexity of the Group’s operations and underlying technologies;
- (iii) Promote, jointly with Senior Management, a sound corporate culture within the Group which reinforces integrity, ethical and professional behaviour;
- (iv) Embed sustainability by integrating environment, social and governance considerations into the Group’s strategies and operations;
- (v) Oversee and approve recovery, resolution and business continuity plans to continually fortify the Group’s resilience and maintain critical operations and services at all times and through all challenging circumstances;
- (vi) Promote timely and effective communications between the Group and shareholders/regulators on matters affecting or that may affect the safety and soundness of the Group;
- (vii) Oversee and monitor Digital Transformation initiatives and attendant material technology investments to ensure targeted capabilities and benefits are realised; and
- (viii) Exercise Board level oversight necessary for the performance and financing position of the Group’s major investee companies.

In discharging its roles and responsibilities, the Board is guided by the Board Charter, which sets out its roles, responsibilities and powers as well as the matters that the Board may delegate to the Board Committees and the Management. The Board Charter and Terms of Reference (“TOR”) are subject to periodic review to conform to the following requirements, statutory provisions, guidelines, principles and best practices: to align with recommendations and best practices, to reflect changes to the policies and processes as well as amendments to rules and regulations.

The Board Charter is accessible on the Company’s website under Board Charter section at:

 <https://aeoncredit.com.my/about-us/corporate-governance/board-charter/>

or scan the QR Code below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board adopts a schedule of matters specifically reserved for its approval which include, reviewing and approving the following:

- (i) Business strategies and annual business plan/budget;
- (ii) Enterprise Risk Management Framework (“ERMF”) and risk strategies;
- (iii) Raising or restructuring of equity or debt capital and bank borrowings;
- (iv) New investments, divestments, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires approval of shareholders;
- (v) Acquisition or disposal of significant assets outside the ordinary course of business;
- (vi) Acquisition of equipment or assets exceeding Management approval threshold;
- (vii) Resolution of any conflict of interest related to a substantial shareholder or a Director;
- (viii) Approval of related party transactions, subject to approval of shareholders where necessary;
- (ix) Unaudited quarterly financial results and audited annual financial statements;
- (x) Appointment of new Directors, including setting the relevant terms of service and level of remuneration, subject to approval of shareholders where necessary;
- (xi) Ensuring regulatory compliance; and
- (xii) Declaration of dividends, subject to approval of shareholders where necessary.

The Board delegates responsibility for day-to-day business operations to the Managing Director (“MD”) who is assisted by a Top Management team of competent functional specialists (collectively “the Management”) to ensure that the Group operates within a framework of prudent and effective controls guided by the requisite functional skills. The Management, in turn, exercises oversight and governance over execution and provides the Board and respective Board Committees with pertinent information and specialist advice to enable the Board to discharge its duties and responsibilities effectively and yield the desired results.

Separation of Roles of Non-Executive Chairman and Managing Director

The roles and responsibilities of the Chairman and MD are distinct and clearly segregated. This segregation strengthens oversight and instils a balance of authority and accountability, thereby avoiding unfettered powers in decision-making. The Chairman, who is not a member of any Board Committees, is primarily responsible for the orderly and effective conduct of Board meetings, ensuring efficacy of the Board and managing the interface between the Board and Management.

Roles of Chairman, Managing Director and Non-Executive Directors

The Chairman has responsibility for ensuring the adequacy and effectiveness of the Board’s governance processes and leads the Board in overseeing the proper conduct and management of the Group’s affairs. Based on the outcome of the Board Effectiveness Evaluation (“BEE”) exercise conducted by an independent external consultant for financial year 2024, the Chairman executes an effective leadership process and is regarded as an excellent and open facilitator to boardroom discussions.

The MD ensures the effective implementation of the Group’s strategic plans, policies and decisions which have been duly approved by the Board. The MD is also responsible for leading and managing the Group’s operations and making the associated business decisions with support from the Top Management within mandates and limits of authorities delegated by the Board.

The Non-Executive Directors review, among others things, the performance of Management in meeting key performance targets and monitor the reporting of the Group’s performance. Their role is to constructively challenge the Management and monitor the success of Management in achieving the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels. The Independent Non-Executive Directors provide independent and objective views, assessment and suggestions in deliberations of the Board.

Various powers are further delegated to the Management team based on the Group’s Authority Matrix, which is subject to periodic reviews based on changes in the organisation structure and business requirements for efficient and effective decision making.

BOARD MEETINGS AND ACCESS TO INFORMATION

Board meetings are pre-scheduled to take place on a monthly basis to enable the Board to stay current on emerging areas of interest or concern, facilitate close and regular follow-up of on-going matters and accommodate expeditious decision making. The Board and Board Committee meetings are formal forums for deliberation of matters of strategic and operational significance. Ahead of any such meetings, a formal and structured agenda and related information are provided to all Directors at least 5 business days in advance to allow time for review, assimilation and if required, obtain further information on matters to be deliberated. Occasionally, Special Board or Board Committees meetings may be called at short notice when critical decisions are required on an urgent basis.

Attendance of Management member(s) will be called for, as necessary, to articulate more detailed information and provide specialist perspectives to facilitate and support the Board or Board Committees in making informed decisions. Where specialist input or advice is required for the Board to arrive at a well-considered and informed decision, the Board may seek the counsel of independent subject matter expert(s), if needed, at the Group's expense in accordance with established procedures set out in the Board Charter.

Board members have unrestricted access to the advice and services of the appointed qualified Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary is equipped with the skills and expertise to provide well informed observations and effective support to ensure that Board procedures and relevant regulatory requirements and guidelines, including those in relation to CG, are met and complied with.

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

During FYE2024, the Board met sixteen (16) times. The matters below were reviewed and deliberated at each Board meeting:

- (i) Group business and financial performance and business plan and budget;
- (ii) Governance, risk management and mitigation and compliance in relation to the Group;
- (iii) Sustainability matters associated initiatives and progress (on quarterly basis);
- (iv) Major investments, borrowings and related matters; and
- (v) Introduction of new product and related products risk and compliance requirements matters.

All proceedings of Board meetings are minuted and the minutes are circulated to Board members in advance of the next Board meeting together with updates on follow-up action items. Where necessary, in between scheduled Board meetings, Board decisions may also be effected by way of circular resolutions.

During Board meetings, the Chairman of each Board Committee will brief the Board on salient facts in relation to matters and issues deliberated, associated recommendations, significant conclusions arrived at and decisions made which require the Board's attention, approval or direction. Details of Directors' attendance at the Board meetings are set out below:

Name of Director	Designation	Attendance
Ng Eng Kiat	Chairman/ Non-Independent Non-Executive Director	16/16
Daisuke Maeda ¹	Managing Director/ Executive Director	15/16
S Sunthara Moorthy A/L S Subramaniam	Independent Non-Executive Director	16/16
Datuk Adinan bin Maning	Senior Independent Non-Executive Director	16/16
Datin Yasmin Ahmad Merican	Independent Non-Executive Director	16/16
Rashidah binti Abu Bakar	Independent Non-Executive Director	16/16
Mitsugu Tamai	Non-Independent Non-Executive Director	16/16
Lee Tyan Jen ²	Executive Director	15/16
Chin Pik Yuen (Appointed on 27 July 2023)	Independent Non-Executive Director	8/8
Tomokatsu Yoshitoshi (Resigned on 21 December 2023)	Independent Non-Executive Director	14/14
Datin Khoo Pek Ling (Retired on 21 June 2023)	Independent Non-Executive Director	4/4

¹ Unable to attend 1 meeting due to overseas engagement

² Unable to attend 1 meeting due to medical reason

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Size and Composition

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

During the year under review, two (2) Independent Non-Executive Directors left the Board, Datin Khoo Pek Ling retired on 21 June 2023 while Mr. Tomokatsu Yoshitoshi resigned on 21 December 2023. A review of the composition of the Board was conducted by the Nomination and Remuneration Committee ("NRC") which was formed on 21 June 2023 from the merger of the previously separate Nominating Committee and Remuneration Committee. Following the above departure, the NRC identified and recommended the appointment of Ms. Chin Pik Yuen as a new Independent Non-Executive Director for the Board's consideration on 27 July 2023.

The new appointment was proposed following a thorough assessment that considered all criteria contained in the Board Charter, BNM guidelines and the MMLR in relation to appointments to the Board, including the fit and proper criteria. Subsequent to the recommendation by the NRC, the Board at its 151st Board of Directors' meeting, after having reviewed Ms. Chin's character, integrity, experience, competence, time commitment and independence, approved her appointment as an Independent Non-Executive Director of AEON Credit effective from 27 July 2023. Ms. Chin's appointment maintains the strong representation of both Independent Non-Executive Directors and female members within the Board.

Re-election to the Board

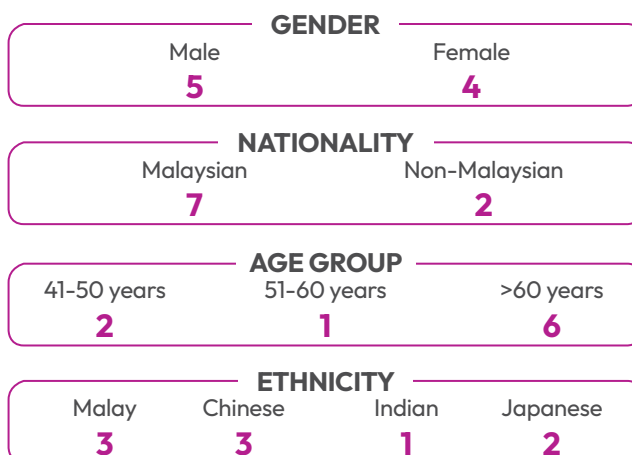
The NRC reviewed the Director's re-election to the Board and in accordance with the Company's Constitution, all the Directors are subject to retirement at the Annual General Meeting ("AGM") every year.

Board Balance and Diversity

The Board currently consists of nine (9) members, comprising the Chairman who is a Non-Independent Non-Executive Director, five (5) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors, including the MD. 56% of the Board members are Independent Non-Executive Directors

strongly reinforcing a commitment to independence. This proportion exceeds that prescribed in BNM's Guidelines on Corporate Governance for Licensed Institutions – a minimum of one-third of the Board and the MMLR – at least two (2) directors or one-third of the Board, whichever is the higher. While in terms of gender diversity, 44% of the Board are female, exceeding the MCGG regulators' guideline target of 30% female board representation.

The present size and composition of the Board is considered to be optimum and well balanced. Board members possess a diverse blend of in-depth experience across a variety of disciplines relevant to the Group's business and operations testifying their ability to effectively contribute to the Group's continued growth and value creation. Further, the diversity inherent within the Board supports the Group in facing the challenges of an intensely competitive industry environment and its constantly evolving risk profile. There is no individual Director or group of Directors who dominate the Board's deliberations and decision-making. A summary of the Board composition as at the date of this CG Overview Statement is set out below:



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



POLICY FOR DIRECTORS

The Nomination and Remuneration Committee shall take into consideration the following in conducting the assessment of the fitness and propriety of the person identified for appointment as a Director, or for re-appointment/re-election as a Director:

The person's ability to supplement the collective skill sets of the Directors and bring different perspectives to the Board, and his/her fitness and propriety to be considered for appointment/re-appointment/re-election based on the factors specified in the Group's Fit and Proper Policy which include the objective criteria, merit and with due regard to the diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the board effectively. The Board should consider the existing board positions held by a Director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Group should be avoided.

The Group's Fit and Proper Policy outlines the structured process and procedure relating to the appointment and removal of Key Responsible Persons ("KRPs") and the stringent assessment of candidates against the requirements. All KRPs are assessed to have met all the fit and proper criteria based on the following factors:

- Probity, Personal Integrity, honest and ethical behaviour
- Experience, competency and capability
- Financial soundness and solvency
- Time and commitment

BOARD COMMITTEES

The Board is assisted by dedicated Board Committees, formed under their respective TORs, in accordance with the MMLR and best practices prescribed by MCCG to assist the Board in discharging their responsibilities. The Board Committees as at the end of the year under review are depicted below along with a brief description of their respective core oversight areas:



The previously separate Nominating Committee ("NC") and Remuneration Committee ("RC") were merged on 21 June 2023 into a single Nomination and Remuneration Committee ("NRC") to further enhance the efficiency of the Board in discharging its duties and responsibilities. Following the merger, all members of the NC and RC are automatically members of the NRC.

The functions and TOR of the Board Committees and their delegated authorities have been approved by the Board and are reviewed periodically to ensure they

are relevant and up to date. Following the formation of the NRC, a new TOR took effect on 3 July 2023, to define the scope of its duties and govern its functions. The TORs of the Audit Committee ("AC") and Board Risk Committee ("BRC") were also reviewed in FYE2024 and similarly took effect on 3 July 2023. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision making lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION OF DIRECTORS AND TOP MANAGEMENT

The Board recognises that a comprehensive and fair remuneration package is fundamental to retaining and attracting Directors and Top Management. In this regard, a Remuneration Policy applicable to Directors and Top Management is in place. The NRC has responsibility for formulating and reviewing the associated remuneration policies and packages to ensure they are competitive, appropriate and commensurate with the individual's experience, skills and level of responsibilities, and are aligned to industry benchmarks. The aggregate remuneration paid or payable to all Directors of the Company during the FYE2023 is listed on a named basis with the detailed remuneration breakdown available in Practice 8.1 of the CG Report.

All NRC members are independent directors, primarily responsible for assisting the Board in the implementation of the Remuneration Policy. The NRC is chaired by Datuk Adinan bin Maning, a Senior Independent Non-Executive Director. The NRC's TOR is available in the Company's website under Terms of Reference section at:

 <https://aeoncredit.com.my/about-us/corporate-governance/>

or scan the QR Code below:



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

Details of meetings in the year under review, are set out below.

Nominating Committee

Name of Director	Designation	Attendance
Tomokatsu Yoshitoshi (Resigned on 21 December 2023)	Chairman/ Independent Non-Executive Director	1/1
Datin Yasmin Ahmad Merican	Member/Independent Non-Executive Director	1/1
S Sunthara Moorthy A/L S Subramaniam	Member/Independent Non-Executive Director	1/1

Remuneration Committee

Name of Director	Designation	Attendance
Tomokatsu Yoshitoshi (Resigned on 21 December 2023)	Chairman/ Independent Non-Executive Director	1/1
Datin Yasmin Ahmad Merican	Member/Independent Non-Executive Director	1/1
Rashidah binti Abu Bakar (Resigned on 21 December 2023)	Member/Independent Non-Executive Director	1/1

Nomination and Remuneration Committee

Name of Director	Designation	Attendance
Datuk Adinan bin Maning (Appointed on 22 December 2023)	Chairman/ Senior Independent Non-Executive Director	No meeting was held from his appointment date up to the end of the financial year
Datin Yasmin Ahmad Merican	Member/ Independent Non-Executive Director	3/3
S Sunthara Moorthy A/L S Subramaniam	Member/ Independent Non-Executive Director	3/3
Tomokatsu Yoshitoshi (Resigned on 21 December 2023)	Chairman/ Independent Non-Executive Director	3/3
Rashidah binti Abu Bakar (Resigned on 21 December 2023)	Member/ Independent Non-Executive Director	3/3

Datuk Adinan bin Maning was appointed Chairman of Nomination and Remuneration Committee with effect from 22 Dec 2023. No meeting was scheduled between the date of his appointment and the end of the year under review.

Key activities of the NC, RC and NRC during FYE2023 among others, include the following:

- (i) Reviewed the BEE Report;
- (ii) Reviewed and recommended suitable orientation and training programmes for Directors' continuous development for the financial year ending 29 February 2024;
- (iii) Recommended the appointment of a new Board member;
- (iv) Deliberated on the merger of NC and RC;
- (v) Reviewed and recommended for the Board's approval, the proposed order for the Board, Board Committees, Executive Directors, and Executive Officers ("EOs") of the Group:
 - reviewed and recommended for the Board's approval the Company's organisation chart along with the effective date of change,
 - reviewed and updated the Board on the progress of the Company's management succession planning;
- (vi) Evaluated and recommended to the Board for approval, the re-election of Directors who will be retiring at the forthcoming AGM of the Company;
- (vii) Discussed and proposed to the Board for approval, the Directors' Remuneration for Non-Executive Directors of the Group;
- (viii) Discussed and proposed to the Board for approval, Executive Directors' and Executive Officers' remuneration and annual performance bonus; and
- (ix) Discussed and reviewed the report on Conflict of Interest and Potential Conflict of Interest of Directors and Management.

The Board will recommend the Directors' remuneration payable to the Non-Executive Directors to shareholders for approval at the forthcoming 27th AGM in accordance with Section 230(1) of the Companies Act 2016.

BOARD EFFECTIVENESS EVALUATION

The effectiveness of the Board is critical to impactful and value creating stewardship of the Group and, accordingly, the Board conducts a rigorous BEE process each year to assess the performance of the Board, Board Committees and each individual Board member. The BEE has a principal focus on the performance of individual Directors, their respective training and development needs, involvement and contribution of the Directors at Board and Board Committees meetings. Once every three years, an independent firm of consultants will be appointed to provide insights on the Board's performance against peer boards and best practices, whereby the latest exercise was facilitated by KPMG Management & Risk Consulting Sdn Bhd in FYE2023. Details of the latest BEE are set out in the CG Report available on the Company's website and accessible via:

 <https://aeoncredit.com.my/investor-relations/integrated-annual-report/>

or scan the QR Code below:



DIRECTORS TRAINING

The Board recognises the importance of continuous learning and development and acknowledges that training is critical to ensure that Directors are constantly kept relevant and abreast of the latest corporate and regulatory developments. Training also equips the Directors with the necessary skills and knowledge to guide the Group as it navigates the challenges of a constantly changing environment. The Board has delegated the role of reviewing the training and development needs of Directors to the NRC.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

As part of their continuous learning and development, Directors attended training on a range of topics relevant to their roles and responsibilities during the year under review. Considering the growing emphasis placed on adhering to ESG considerations by regulators and stakeholders, Directors attended ESG and sustainability-related training to upskill themselves on regular basis. The list of training programs attended by members of the Board in FYE2024 is set out below:

No	Director	Training Attended
1	Ng Eng Kiat	• Deloitte webinar : Geopolitics in the year ahead • Deloitte webinar : ESG, Climate and Trust • Lions Talk : Success and Leadership • Reserved Matters for Shareholders • Cybersecurity Awareness Training • Management of Cyber Risk Programme • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Sustainability Reporting Landscape and Challenges Training • AEON Group ASEAN Compliance Training • Finance No. 2 Bill Tax Updates • Conflict of Interest
2	Daisuke Maeda	• AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • AEON Group ASEAN Compliance Training • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Conflict of Interest • Finance No. 2 Bill Tax Updates • AML Training by KPMG
3	S Sunthara Moorthy A/L S Subramaniam	• Reserved Matters for Shareholders • The Impact of Robotic Applications on Good Governance - 5 April 2023 • 9th Colloquium - Mind the Gap • ESG, Climate and Trust: The Board's Role • 10th Colloquium - The risks & opportunities of Generative AI for Companies and their Governance • Compliance with LR - Reporting of Financial Statement • Cybersecurity Awareness Training • Amazon Web Services Executive Briefing • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • AEON Group ASEAN Compliance Training • Sustainability Reporting Landscape and Challenges Training • Finance No. 2 Bill Tax Updates • Conflict of Interest
4	Datuk Adinan bin Maning	• Management, Retention & Everything Else • Cybersecurity Awareness Training • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • AEON Group ASEAN Compliance Training • Finance No. 2 Bill Tax Updates • Conflict of Interest

No	Director	Training Attended
5	Datin Yasmin Ahmad Merican	• Cybersecurity Awareness Training • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Sustainability Reporting Landscape and Challenges Training • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • AEON Group ASEAN Compliance Training • Finance No. 2 Bill Tax Updates • Conflict of Interest
6	Rashidah binti Abu Bakar	• Cybersecurity Awareness Training • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Sustainability Reporting Landscape and Challenges Training • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • AEON Group ASEAN Compliance Training • Finance No. 2 Bill Tax Updates • Conflict of Interest
7	Chin Pik Yuen	• Cybersecurity Awareness Training • Audit Committee Conference - Catalysts of Changes • Management of Cyber Risk Programme • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • AEON Group ASEAN Compliance Training • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Sustainability Reporting Landscape and Challenges Training • Finance No. 2 Bill Tax Updates • Conflict of Interest
8	Mitsugu Tamai	• Sustainability Reporting Landscape and Challenges Training • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Management Style Self-understanding Training • AEON Executive Compliance Training • Instalment Sales Law/Voluntary Rule Training
9	Lee Tyan Jen	• Compliance with LR - Reporting of Financial Statement • Cybersecurity Awareness Training • AEON Foundational Ideals & AEON Group Future Vision • AEON Policy meeting for FYE2025 • AEON Top Seminar (Day 1) • AEON Top Seminar (Day 2) • Implementation of IRB e-Invoicing Guideline Briefing • Amazon Web Services Executive Briefing • Sustainability Reporting Landscape and Challenges Training • Finance No. 2 Bill Tax Updates • AEON Group ASEAN Compliance Training • Conflict of Interest
10	Tomokatsu Yoshitoshi (Resigned on 21 December 2023)	• Cybersecurity Awareness Training • Management of Cyber Risk Programme • Sustainability Reporting Landscape and Challenges Training • Finance No. 2 Bill Tax Updates • EY seminar, Management by Purpose • ICGJ seminar, Issues with Sustainability • PwC seminar, About Credit Crisis • ICGJ seminar, Management by Human Capital • ICGJ seminar, Group Governance • ICGJ seminar, UK Governance Reform Revisited

CORPORATE GOVERNANCE OVERVIEW STATEMENT

STRENGTHENING CORPORATE GOVERNANCE CULTURE

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

(i) AEON Foundational Ideals

The Board, Management and employees of the Group are guided by AEON Foundational Ideals (previously known as Code of Conduct ("CoC") of pursuing peace, respecting humans, contributing to local communities and always with customers as our starting point, aligned with the objective of realising a sustainable society.

The basic principles take into consideration the interests of the Group's customers, shareholders, employees, business partners and the broader community to ensure the Group operates its business with integrity, transparency and accountability.

All employees are briefed on the AEON Foundational Ideals upon commencement of employment and shall attend refresher training on an annual basis. Directors, management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners and regulators.

The AEON Foundational Ideals is accessible at the Company's website at:

 <https://aeoncredit.com.my/about-us/our-purpose/>

or scan the QR Code below:



(ii) Whistle-Blowing Policy and Procedure

The Group's Whistle-blowing Policy and Whistle-blowing Procedure provide a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns anonymously and confidentially on any misconduct without fear of retaliation. The Whistle-blowing Procedure sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed to the appropriate authority and definitive action can be taken accordingly if ensuing investigations find the concerns valid.

All whistle-blowing reports have to be made in good faith with reasonable belief that the information and allegation is true and not made frivolously and maliciously. Issues raised are subject to thorough reviews, investigations and resolutions with strict confidentiality.

The Whistle-blowing Policy is accessible via the Company's corporate website at <https://aeoncredit.com.my/about-us/corporate-governance/>. All disclosures are further managed by authorised personnel with strictest confidentiality. A Board Member who is also the Chairman of the Board Risk Committee has been appointed and is responsible for the effective implementation of this Policy. The list of whistle-blowing channels provided by the Group is as follows:

No	Whistle-Blowing Channel	Designated Recipient	Direct Report
1	Internal Reporting Channel		
	i. Employee Hotline number (+603-2721 8118)	Monitoring Group Members (consisting of MD/Chief Executive Officer, Executive Director and Executive Officers) and/or Appointed Personnel (Head of HR) assigned to answer the calls	
	ii. Written report to Head of HR	Head of HR	
	iii. ACSM Online Portal (http://EmployeeHotline/)	Access available only to the Monitoring Group Members	
2	External Reporting Channel (Online Portal – Hotline Japan) http://aeon-ethics.my.salesforce-sites.com/ <i>Note: Misconducts including bribery, false claim, or abuse of power/position issue only.</i> <i>Report may be lodged under both actual or anonymous names.</i>	AEON Corporate Ethics Team, HQ AEON Co., Ltd., Japan	

No	Whistle-Blowing Channel	Designated Recipient	Direct Report
3	Legal Attorney Hotline report_aeonglobal@yglpc.com <i>Note: Misconduct(s) involving Senior General Manager and/or above.</i> <i>Report may be lodged under actual names only.</i>	External legal attorney commissioned by AEON Co., Ltd., Japan will receive the e-mails and the reported information will be reported to the AEON Corporate Ethics Team Manager	-
4	Email to: eSID@aeoncredit.com.my <i>Note: For bribery, false claim, or abuse of power/position issue only.</i>	i. Senior Independent Director ii. Audit Committee Chairman iii. Chief Risk Officer	Board of Directors
5	Send a letter to: Chief Risk Officer AEON Credit Service (M) Berhad Level 18, UOA Corporate Tower Avenue 10, The Vertical Bangsar South City No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia STRICTLY PRIVATE & CONFIDENTIAL <i>Note: For bribery, false claim, or abuse of power/position issue only.</i>	Chief Risk Officer	
6	Malaysian Anti-Corruption Commission ("MACC") Website https://www.sprm.gov.my/ <i>Note: For bribery, false claim, or abuse of power/position issue only.</i>	Malaysian Anti-Corruption Commission	-

(iii) Anti-Bribery Policy

The Anti-Bribery Policy signifies the Group's commitment to conduct business ethically with integrity and, sincerity and ethically. Anti-bribery programmes articulating requirements and providing guidance to safeguard the Group from bribery risk are essential components to instil anti-bribery awareness and culture. In upholding the commitment to anti-bribery, the Group shall:

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

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

(iv) Entertainment and Gift Policy

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

- Acceptance of any form of entertainment and hospitality from business partners;
- Acceptance/offer of any kind of cash from/to business partners;

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- (iii) Acceptance/offering of any kind of gift from/to business partners; Where receipt of gift from business partners is unavoidable, it must be reported to the immediate supervisor along with completion of the Declaration of Acceptance Form;
- (iv) Personally receiving product samples from business partners; and
- (v) Receiving transportation arrangements from business partners.

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

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

The Group's certification in ISO37001: 2016 Anti-Bribery Management Systems testifies to the governance and underlying processes in place to prevent, detect and address events of bribery. First certified in 2020, the Group was successfully recertified in March 2023 for an additional three (3) years. The Group strives to ensure all employees act professionally and ethically, consistent with our AEON Foundational Ideals in all business dealings. It is also a required commitment from our suppliers and agents to uphold the highest standard of integrity in their dealings with the Group.

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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

The Board takes cognisance of its overall responsibility to establish a sound risk management and internal control system, review its adequacy and effectiveness from time to time and to institute remediation measures where needed. The BRC supports the Board in fulfilling its responsibilities for risk governance, management and oversight so as to manage the overall risk exposure of the Group.

The AC regularly evaluates the adequacy and effectiveness of the Group's system of internal controls through diligent oversight and reviews of internal and external audit reports as well as interactions with both the internal auditor and external auditor. All major audit findings are discussed and the associated management responses are independently and critically assessed and monitored to ensure desired outcomes are achieved.

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

AUDIT COMMITTEE

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

The AC comprises three (3) members all of whom are Independent Non-Executive Directors, which meets the requirements of Paragraphs 15.09 and 15.10 of the MMLR and the requirement set out in Practice 9.4 (Step Up) under Principle B of the MCCG. The Chairman of the AC, Mr. S Sunthara Moorthy A/L S Subramaniam is a Fellow Member of the Association of Chartered Certified Accountants ("ACCA") and a member of the Malaysian Institute of Accountants ("MIA"). Ms. Chin Pik Yuen is also a member of the MIA. All AC members are financially literate and collectively possess the relevant skills, knowledge and experience to support the effective discharge of their duties.

The AC Chairman is appointed by the Board and is not the Chairman of the Board. Having different individuals chair the Board and AC enhances the independence and objectivity and accommodates review by the Board of the AC's findings and recommendations objectively.

During the year under review, the Board, via the NRC, performed the annual assessment of the term of office and performance of the AC and each of its members pursuant to Paragraph 15.20 of the MMLR. The Board was satisfied with the overall effectiveness of the AC,

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

The composition, authority as well as the duties and responsibilities of the AC are set out under its TOR which has been approved by the Board. This TOR is available on the Company's website under Terms of Reference section at:

 <https://aeoncredit.com.my/about-us/corporate-governance/>

or scan the QR Code below:



Eight (8) AC meetings were held during FYE2024. Details of the AC members' meeting attendance during FYE2024 are set out below:

Name of Director	Designation	Attendance
S Sunthara Moorthy A/L S Subramaniam	Chairman/ Independent Non-Executive Director	8/8
Ms. Chin Pik Yuen (Appointed on 27 July 2023)	Member/Independent Non-Executive Director	4/4
Rashidah binti Abu Bakar (Appointed on 22 December 2023)	Member/Independent Non-Executive Director	1/1
Datuk Adinan bin Maning (Resigned on 21 December 2023)	Member/Senior Independent Non-Executive Director	7/7
Datin Khoo Pek Ling (Retired on 21 June 2023)	Member/Independent Non-Executive Director	3/3

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

The AC Chairman reports to the Board on matters deliberated during AC meetings and submits the AC's recommendations for the Board's consideration and

approval. Minutes of each AC meeting were recorded and circulated to all members of the Board and tabled at the Board Meetings for notation.

 The details of AC activities in FYE2024 are set out in the Audit Committee Report on pages 118 to 122 of this Integrated Annual Report.

BOARD RISK COMMITTEE

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

The BRC is constituted of three (3) Independent Non-Executive Directors and is chaired by Datuk Adinan bin Maning, Senior Independent Non-Executive Director. The composition, authority as well as the duties and responsibilities of the BRC are set out under its TOR which has been approved by the Board. This TOR is available on the Company's website under Terms of Reference section at:

 <https://aeoncredit.com.my/about-us/corporate-governance/>

or scan the QR Code below:



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

- Investigate any matters within its terms of reference;
- Seek any information it requires from employees who are required to cooperate with any request made by the Committee;
- Have full and unrestricted access to any information pertaining to the Group;
- Have direct communication channels with internal and external auditors, through the Audit Committee, and with senior management of the Group;
- Have access to adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Group; and
- Report to Bursa Securities any matter that has not been satisfactorily resolved resulting in a breach of the MMLR, after the matter has been reported to the Board.

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The BRC Chairman engages on a continuous basis with the Chairman of the Board and Senior Management including the MD and, CRO in order to be kept informed of matters affecting the Group. On an annual basis, a private session will be held between the BRC and CRO, without the presence of any Management members including the MD or any executive member of the Board, to discuss and resolve any sensitive issues independently, transparently and objectively.

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

The BRC shall meet at least four (4) times a year and additional meetings may be called by the BRC Chairman if necessary. Seven (7) BRC meetings were held in FYE2024. Details of the BRC members' meeting attendance during FYE2024 are set out below:

Name of Director	Designation	Attendance
Datuk Adinan bin Maning	Chairman/ Senior Independent Non-Executive Director	7/7
Rashidah binti Abu Bakar	Member/Independent Non-Executive Director	7/7
Datin Yasmin Ahmad Merican (Appointed on 3 October 2023)	Member/Independent Non-Executive Director	2/2
Datin Khoo Pek Ling (Retired on 21 June 2023)	Member/Independent Non-Executive Director	3/3

 The details of BRC activities in FYE2024 are set out in the Board Risk Committee Report on pages 123 to 125 of this Integrated Annual Report.

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

COMMUNICATION WITH STAKEHOLDERS

AEON Credit is committed to ensure that its communication with the shareholders and various stakeholders, both internally and externally are effective, clear, transparent, timely, regular and with quality information. The Group continuously discloses and disseminates comprehensive and relevant material information to the public through

various channels to keep its shareholders and stakeholders informed of business activities, strategies, financial performance and other material information that warrant their attention. This would enable the stakeholders to make data-based informed decisions as well as for shareholders to exercise their rights.

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

1. Corporate Website

- The Corporate website (www.aeoncredit.com.my) where updated information on Announcements, Integrated Annual Report, Board Charter, Our Purpose and Whistle-Blowing channels, and other pertinent information are accessible;
- Announcements to Bursa Securities on the quarterly/ annual financial performance and corporate developments in the Group; and
- Publication of Integrated Annual Report and CG Report, containing comprehensive information on the financial results, operations, prospects, activities conducted, sustainability statement and state of corporate governance.

2. Consumer Website

- The Consumer website (www.myaeoncredit.com.my) is updated with the latest product campaigns and product disclosure sheet that provides relevant information to facilitate customers in decision-making.

3. Investor Relations

- Briefing sessions are conducted for analysts and fund managers after announcement of quarterly/ annual financial performance and corporate developments in the Group to Bursa Securities. The Group's investor relations activities ensure regular, effective and fair communication with shareholders, analysts, fund managers and stakeholders;
- Updates of the Group's activities, product launches and significant corporate announcements disseminated through dialogues with analysts, fund managers and investors as well as press releases from time to time; and
- A dedicated investor relations e-mail contact which is available at ir_info@aeoncredit.com.my for shareholders to submit queries or comments on any issues of concern.

4. Other Stakeholder Engagement

- Meetings, engagements and participation in events involving regulators, industry associations, business partners, merchants, local community, etc.

CONDUCT OF GENERAL MEETINGS

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

The 26th AGM of the Company was held physically on 21 June 2023 during which all Directors were physically present to engage with shareholders and address issues raised by the shareholders. The CFO, Company Secretary and the Engagement Partner representing the external auditors, Deloitte PLT, were also in attendance.

The Chairman and MD delivered separate presentations to shareholders on various pertinent topics including the Group's FYE2023 performance review, significant milestones and initiatives, dividend pay-out, FYE2024 prospects and strategies, the continued emphasis on ESG as well as measures to enhance asset quality and portfolio management.

The CFO then presented a detailed review of the Group's financial performance for FYE2023, business and operational highlights including sustainability awards and recognition accorded to the Group after which clarifications sought by the Minority Shareholders Watch Group ("MSWG") and questions submitted by shareholders ahead of the AGM date were responded to. Subsequently, the floor was opened to requests for clarification and feedback from shareholders which were responded to by the Chairman, MD and CFO. The meeting minutes was published on AEON Credit's corporate website at <https://aeoncredit.com.my/investor-relations/general-meeting/> within 30 business days from the 26th AGM.

EXTRAORDINARY GENERAL MEETING

AEON Credit held its Extraordinary General Meeting ("EGM") on October 16, 2023, in a virtual format. The event was streamed live from the Grand Studio Room at the Wyndham Grand Bangsar in Kuala Lumpur. A total of 917 participants, including shareholders, proxies and corporate representatives, engaged in the EGM through live-streaming and online remote voting facilitated by the Remote Participation and Voting ("RPV") services provided by the company's appointed poll administrator.

To ensure a seamless meeting experience, the RPV service provider together with Company conducted a dry run to ensure EGM can be conducted smoothly. Throughout the virtual EGM, all questions raised by shareholders before and during the meeting, along with the Group's responses, were shared with participants in a Q&A format. Voting on each resolution took place through e-polling, with the results promptly announced and subsequently posted on AEON Credit's corporate website. The minutes of the EGM were made available on the company's corporate website within 30 business days following the general meeting date.

KEY FOCUS AND FUTURE PRIORITIES

The Group operates in an industry that is intensely competitive where profitability is continuously under the radar, hence resilience will be key to sustaining positive economic results. It is paramount that good corporate governance and rigorous risk management are strongly embedded for the Group to continuously build and fortify resilience to continue generating value for stakeholders and shareholders. To this end, the Board has always, and will continue to be relentless in overseeing and ensuring risk management mechanisms and processes remain robust and fit-for-purpose.

The Group has successfully leveraged developments in information technology in its Digital Transformation to enhance operational efficiency, reduce cost and bring greater convenience and a wider range of products to customers. This also surfaces a critical requirement from the governance perspective that will receive the Board's continuing focus – continuous vigilance of cyber risks and unrelenting diligence in reinforcing cybersecurity. With IT developing rapidly, many applications have matured sufficiently for commercial application at affordable costs. Capitalising on this, the Group plans to implement AI scoring models to accelerate approval ratio and improve accuracy in decision making.

ESG has emerged as an important component in the Group's business model. Aligned to changing customer sentiments in support of a greener, more sustainable environment and our responsibilities as a dutiful corporate citizen, the Group has taken a strategic move towards green financing for which a Sustainability-Linked Loans ("SLL") was secured in FYE2023. In tandem, a 3-year Sustainability Roadmap has been formulated to guide the Group's sustainability efforts. The foregoing developments signifies the emerging importance of sustainability governance moving forward.

The Group has during the financial year, appointed an external consultant to advise and guide the Group on its sustainability journey. This include recognising and assessing climate-related risks and opportunities across the short, medium and long-term horizons. Moving forward, the Group will also explore on its climate risk scenario analysis stress testing capabilities and practices. Details of the engagement and results are elaborated further in the Sustainability Statement section of this Annual Report.

This Corporate Governance Overview Statement was approved by the Board of Directors on 9 May 2024. However, the Board decided not to disclose the top 5 Senior Managements' remuneration in bands of RM50,000 as the Board is of the opinion that the disclosure on a named basis for the Senior Management would not be in the best interest of the Group due to confidentiality concerns.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE (“AC”)

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

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

The AC composition also meets the requirement sets out in Practice 9.4 (Step Up) under Principle B of the Malaysian Code on Corporate Governance (“MCCG”) that the AC should comprise solely of independent directors.

MEETING AND ATTENDANCE

During the financial year ended 29 February 2024, the AC convened eight (8) meetings with four (4) scheduled quarterly meetings held on 4 April 2023, 28 June 2023, 19 September 2023 and 14 December 2023, and four (4) special meetings held on 11 April 2023, 20 April 2023, 30 November 2023 and 31 January 2024. Details of the composition of the AC and attendance by each member at the AC Meetings are as follows:

Name/Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attendance
S Sunthara Moorthy A/L S Subramaniam Chairman/Independent Non-Executive Director	8	8
Chin Pik Yuen (Appointed on 27 July 2023) ⁽¹⁾ Member/Independent Non-Executive Director	4	4
Rashidah binti Abu Bakar (Appointed on 22 December 2023) ⁽²⁾ Member/Independent Non-Executive Director	1	1
Datuk Adinan bin Maning (Resigned on 21 December 2023) ⁽²⁾ Member/Senior Independent Non-Executive Director	7	7
Datin Khoo Pek Ling (Retired on 21 June 2023) ⁽¹⁾ Member/Independent Non-Executive Director	3	3

Notes:

⁽¹⁾ During the financial year, Chin Pik Yuen was appointed as a member of the AC on 27 July 2023, succeeding Datin Khoo Pek Ling, who retired as Director of the Company at the Twenty-Sixth AGM held on 21 June 2023.

⁽²⁾ Rashidah binti Abu Bakar was appointed as a member of the AC on 22 December 2023, succeeding Datuk Adinan bin Maning, who resigned as a member of the AC on 21 December 2023.

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

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

REVIEW OF THE AC'S TERM OF OFFICE AND PERFORMANCE

Pursuant to Paragraph 15.20 of the MMLR of Bursa Securities, the Board, through the Nominating Committee (now known as Nomination and Remuneration Committee) had on 9 May 2023, reviewed the term of office and performance of the AC and each of its members. Having considered the Nominating Committee's evaluation along with the results of the Board Evaluation Exercise for the financial year ended 28 February 2023, which was facilitated by KPMG Management & Risk Consulting Sdn Bhd, and the AC members' Self & Peer Evaluation tabled to the Board on 9 May 2023, the Board is satisfied with the overall effectiveness of the AC, in which the AC and each of its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference. The details of the Terms of Reference of the AC are available on the Group's corporate website at <https://aeoncredit.com.my/about-us/corporate-governance/board-committee/>.

SUMMARY OF ACTIVITIES OF THE AC

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

1. Financial Statements and Reporting

- a) At the scheduled quarterly AC Meetings, reviewed and discussed with Management, the quarterly unaudited financial results before recommending the same to the Board for consideration and approval for release to Bursa Securities.
- b) At the Special AC Meeting held on 20 April 2023, reviewed the Audited Financial Statements of the Group and of the Company for the financial year ended 28 February 2023 and key audit matter presented by the External Auditors, Messrs. Deloitte PLT prior to its recommendation to the Board for consideration and approval.

The AC had also reviewed the unaudited financial results for the fourth quarter ended 29 February 2024 at the AC Meeting held on 1 April 2024 and the draft Audited Financial Statements of the Group and of the Company for the financial year ended 29 February 2024 at the Special AC Meeting held on 23 April 2024.

2. External Audit

- a) Reviewed and deliberated the report issued by Messrs. Deloitte PLT, on audit findings and remedial actions to be taken by Management to address the issues raised arising from the statutory audit at the AC Meeting held on 4 April 2023.
- b) Reviewed and deliberated on the progress of remedial measures taken to address the findings reported in the Management Letter issued by Messrs. Deloitte PLT in connection with the audit for the financial year ended 28 February 2023.
- c) At the Special AC Meeting held on 20 April 2023, reviewed and deliberated the Independent Auditors' Limited Assurance Report issued by Messrs. Deloitte PLT on the adequacy of controls for the Company's Trust Account in accordance with Paragraph 16 (Safeguarding of Funds) of the Bank Negara Malaysia's Policy Document on Electronic Money ("E-Money").
- d) At the Special AC Meeting held on 20 April 2023, reviewed and evaluated with Management the performance, competency and professionalism demonstrated by the External Auditors and recommended to the Board on the re-appointment of the External Auditors, Messrs. Deloitte PLT for the financial year ended 29 February 2024. Input/feedbacks obtained from the relevant Management personnel, who had substantial contact and dealings with the External Auditors throughout the year, were considered and assessed covering areas such as professional reputation of the external auditors, its quality control processes/performance, the competence of the audit partner and the audit team members assigned to the engagement, adequacy of the audit scope & planning as well as maintaining active communication with the AC and Management during the audit process and their responsiveness in attending to issues. Accordingly, the AC also took note of the Messrs. Deloitte PLT's 2022 Transparency Report.
- e) Reviewed and recommended to the Board for consideration the proposed audit and non-audit fees for the External Auditors, Messrs. Deloitte PLT in respect of the statutory audit and other non-audit services.

AUDIT COMMITTEE REPORT

- f) Reviewed and discussed with the External Auditors, Messrs. Deloitte PLT on their terms of engagement, proposed audit remuneration and audit plan setting out the proposed scope of work, audit methodology, timetable and areas of audit focus prior to commencement of the audit for the financial year ended 29 February 2024.
- g) During the financial year, the AC had two (2) private sessions with the Engagement Partner of Messrs. Deloitte PLT on 4 April 2023 and 19 September 2023 to discuss any areas of audit concerns in relation to their work, ensure audit issues were addressed on a timely basis and to obtain their feedback for improvements without the presence of the Executive Board members, Management and Internal Auditors. This is to ensure that the External Auditors can freely discuss and express their opinions on any matter to the AC and the AC can sufficiently be assured that the External Auditors have been fully provided with all relevant information and responses to all queries from the Management.

3. Internal Audit

- a) At the scheduled quarterly AC Meetings, reviewed and deliberated the internal audit reports, which highlighted the audit findings, recommendations and root causes as well as the Management's action plan thereto, to ensure that appropriate actions had been taken by Management to improve the systems of internal controls and the processes on the areas highlighted.
- b) Reviewed the status report on the progress of remedial actions taken or to be taken to resolve the outstanding audit issues along with the implementation status of the Management's remedial actions at the scheduled quarterly AC meetings, to ensure that the remedial measures are implemented promptly and appropriately.
- c) At the AC Meeting held on 4 April 2023, the AC evaluated the performance and effectiveness of the Internal Audit function pursuant to Paragraph 15.12 of the MMLR of Bursa Securities, which include the adequacy of the scope, functions, competency and resources of the Internal Audit Division, and that it has the requisite authority to carry out its work independently.

- d) During the financial year, the AC had two (2) private sessions with the Head of Internal Audit Division on 4 April 2023 and 14 December 2023 without the presence of the Executive Board members and Management to enable the Head of Internal Audit Division to discuss any issues or significant matters with the AC privately.
- e) At the AC Meeting held on 14 December 2023, reviewed and approved the Annual Audit Plan of the Internal Audit Division for the financial year ending 28 February 2025, to ensure comprehensiveness of the audit coverage of the various aspects of the business including internal control processes, risk management, corporate governance, compliance to regulatory requirements and recurring related party transactions.

4. Related Party Transactions ("RPT") and Conflict of Interest ("COI")

- a) At the Special AC Meeting held on 20 April 2023, reviewed the annual circular to shareholders in respect of the proposed renewal of existing Shareholders' Mandate for recurrent related party transactions and the proposed new Shareholders' Mandate for additional recurrent related party transactions of a revenue or trading nature, which were necessary for the day-to-day operations and recommended the same to the Board for consideration prior to obtaining the approval from the Shareholders.
- b) Reviewed the report on recurrent related party transactions at the scheduled quarterly AC Meetings taking into account the nature and amount of the transactions in ensuring that the transactions were conducted at arm's length basis and on normal commercial terms, and not detrimental to the interests of the minority shareholders and are in the best interest of the Company. To ensure proper reporting and disclosure, the aggregate value of the recurrent related party transactions are individually tracked and monitored against the estimated value set out in the Shareholders' Mandate.
- c) Reviewed and monitored the COI declaration, which encompassed Directors and Key Senior Management of the Group. At the AC Meeting held on 14 December 2023, reviewed the disclosure of COI and potential COI of Directors and Key Senior Management and noted that there were no COI or potential COI that had been declared by any Director or Key Senior Management.

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

- Business Advisory Fee Agreement with AEON Financial Service Co., Ltd. for the financial year ended 29 February 2024.
- Shareholders' Agreement with AEON Financial Service Co., Ltd. for the investment in ACS Digital Berhad [now known as AEON Bank (M) Berhad] to undertake Islamic digital bank business ("Proposed Joint venture") and the corresponding Circular to Shareholders in relation to the Proposed Joint Venture between the Company and AEON Financial Service Co., Ltd.
- Outsourcing Agreement to be entered into between the Company and ACS Digital Berhad [now known as AEON Bank (M) Berhad] for the provision of management and support services until the date of completion of the operational readiness phase of the Digital Bank.

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

- a) Reviewed and deliberated J-SOX Internal Control Audit Report for the financial year ended 28 February 2023 issued by Messrs. Deloitte PLT on the findings and Management's action plan to address the issues raised arising from the independent assessment on the effectiveness of the entity's internal control over financial reporting, which covered the areas of Entity Level Control, Financial Closing Reporting Process, Process Level Control and General IT Control.

6. Annual Report

- a) At the Special AC Meeting held on 20 April 2023, reviewed and recommended for Board's approval, the AC Report, Statement on Risk Management and Internal Control, and Directors' Responsibility Statement in relation to the Audited Financial Statements for inclusion in the Integrated Annual Report for year 2023.

7. Other Matters

- a) Reviewed the proposals presented by Management on the declaration and distributions of interim and final dividends to shareholders, taking into consideration the solvency tests performed by Management before recommending such proposals to the Board for consideration.
- b) Reviewed and recommended to the Board for approval the Management's proposal for disposal of written-off receivables accounts.
- c) Reviewed and recommended to the Board for approval, the appointment of consulting firms for E-Invoice Project implementation and the conduct of local benchmarking analysis and transfer pricing study.

INTERNAL AUDIT FUNCTION

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

The Internal Audit Division's mission, scope of work, responsibilities and authority are governed by its Internal Audit Charter, which is approved by the AC. As guided by the Internal Audit Charter, Policy and Procedure, the Internal Audit Division maintained their independence and impartiality on the activities and functions it audits. To reflect the audit objectivity and independence of the internal audit function, the Internal Audit Division reports functionally to the AC and administratively to the Managing Director, and has unfettered access to the AC. Through this reporting relationship, the AC also ensured that the Internal Audit Division has the authority to carry out their work objectively and independently. During the year under review, the Head of Internal Audit and all internal auditors have confirmed to the AC in December 2023 via the annual declaration that they were free from any relationships or conflict of interest which could impair their objectivity and independence in their audit engagements.

AUDIT COMMITTEE REPORT

Internal Audit's scope of coverage encompassed all business and support units. In relation to this, all auditable areas were risk ranked using risk-based audit planning methodology to prioritise the audit work and to scope the audits on high risk auditable areas. These were guided and defined in the Annual Audit Plan for the financial year ended 29 February 2024, which was approved by the AC in December 2022.

During the year under review, the Internal Audit Division conducted the internal audit engagements in accordance with the approved Annual Audit Plan to review the adequacy and effectiveness of the risk management, internal control, anti-corruption, whistle-blowing, AML/CFT areas and governance processes implemented by Management as well as to evaluate compliance with relevant policies, procedures and regulations, which encompassed auditing the Group's business and support functions (including the regional offices and branches), information systems, IT operations & security, J-SOX assessment, Outsourced Service Providers and the subsidiary company, AEON Insurance Brokers (M) Sdn. Bhd.

Accordingly, the Internal Audit Division also reviewed the recurrent related party transactions on a quarterly basis, and participated as an independent observer during the Business Continuity Plan test, Disaster Recovery Plan tests, and Cyber Security Drill Exercise. Other key focus areas audited by Internal Audit Division during the year under review included the following:

- Conducted compliance reviews based on policy documents and guidelines issued by the regulatory authority on areas such as management of customer information & permitted disclosure, managing risk associated with payment instruments, credit card, merchant acquiring services, e-money, payment card framework and complaint handling.

- Performed thematic internal audit reviews on areas such as Anti-Bribery Management System (ISO37001:2016), Information Security Management System (ISO27001:2013), Quality Management System (ISO9001:2015) and Environmental Management System (ISO14001:2015).

Control deficiencies/gaps and areas for improvements noted from these audits were highlighted to the appropriate level of Management for action plans in addressing control gaps identified. Root causes of issues noted were assessed to enable relevant recommendations and ensure remedial measures are taken to address the audit issues. Internal Audit Division also tabled the audit issues, root causes and remedial action plans thereto, as well as the progress of remedial actions taken on open audit issues, at the monthly Internal Audit Meetings attended by the Managing Director, Executive Director and Executive Officers of the Group for review and deliberation.

Internal Audit Reports arising from the audits and reviews conducted by Internal Audit Division and the progress of actions taken or to be taken to resolve the issues, were tabled to the AC for review and deliberation at the scheduled AC Meetings held on 4 April 2023, 28 June 2023, 19 September 2023 and 14 December 2023. The relevant heads of the operating units are responsible to ensure that remedial measures are taken on reported audit issues within the required timeframe. Follow-up reviews were conducted by Internal Audit Division and status updates were provided to the AC on the progress of remedial measures taken.

The total cost incurred in respect of the internal audit function for the financial year under review was in the region of RM2,231,000 (FYE2023: RM2,118,000).

BOARD RISK COMMITTEE REPORT

INTRODUCTION

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

BRC also provides guidance and oversight to the Management on the Group’s risk appetite, strategy and key risks that have an impact on its long-term objectives. It also oversees the Group’s sustainability strategy, sustainability reporting and ensures this permeates throughout the organisation.

COMPOSITION AND MEETING ATTENDANCE

The Committee is appointed by the Board, and all its members are Independent Non-Executive Directors.

All of them possess sound judgement, independent attitude, management experience, professionalism, integrity and knowledge of the industry. None of the BRC members have appointed alternative directors.

The appointment or termination of any Committee member is at the discretion of the Board, upon recommendation by Nomination and Remuneration Committee. The Secretary to the BRC is the Company Secretary. The Secretary shall, in conjunction with the Chairman, draw up an agenda, which shall be circulated together with relevant support papers, at least one (1) week prior to each meeting, to the Committee members.

To facilitate discussions on risk-related matters, the Managing Director, Executive Director, Executive Officers, other Board members, Management, consultants or other advisors may be invited to attend the BRC meetings as and when required, to provide input, advice, relevant information, and clarifications on agenda items.

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

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

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

For the FYE2024, seven (7) BRC meetings were held and the attendance of the BRC members was recorded as follows:

Name/Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attendance
Datuk Adinan bin Maning Chairman/Senior Independent Non-Executive Director	7	7
Rashidah binti Abu Bakar Member/Independent Non-Executive Director	7	7
Datin Yasmin Ahmad Merican (Appointed on 3 October 2023) Member/Independent Non-Executive Director	2	2
Datin Khoo Pek Ling (Retired on 21 June 2023) Member/Independent Non-Executive Director	3	3

During the financial year, Datin Yasmin Ahmad Merican was appointed as a member of the BRC on 3 October 2023, succeeding Datin Khoo Pek Ling, who retired as Director of the Company at the Twenty-Sixth AGM on 21 June 2023.

BOARD RISK COMMITTEE REPORT

In respect of Sustainability, the BRC ensures that the Group obtains precise and pertinent data regarding Environment, Social and Governance (“ESG”) matters. It oversees the reporting process to promote transparency and consistency in ESG disclosures. The BRC works closely with Management to develop impactful ESG reports and disclosures and makes sure these disclosures are in line with the Group’s overarching strategy and mission. The BRC closely monitors the Group’s ESG performance, tracks progress towards sustainability goals and oversees the management of ESG risks, proactively identifying potential risks and opportunities.

SUMMARY OF BRC ACTIVITIES DURING THE FYE2024

For the FYE2024, the BRC in the discharge of its functions and duties as set out in its terms of reference, have carried out the following principal activities:

1. Risk Management

- a. Reviewed the quarterly risk management report of the Group.
- b. Reviewed and recommended the proposed adoption and revisions of the risk and compliance related framework and policies, including Business Continuity Management to the Board for approval.
- c. Reviewed and recommended the following proposed revisions of the risk and compliance related framework and policies to the Board for approval:
 - Policy of Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions;
 - Policy of Whistle-Blowing;
 - Policy of Personal Data Security;
 - Policy of Entertainment and Gift;
 - Policy of Cyber Security; and
 - Policy of Information Technology.
- d. Reviewed and deliberated market/environment and emerging risks.
- e. Reviewed and discussed legal and compliance matters.
- f. Discussed matters arising from risk management and compliance reports and resolution of matters addressed.

2. Sustainability

- a. Reviewed the Group’s Sustainability Framework, 3-year ESG Roadmap, Sustainability Statement and key ESG initiatives.
- b. Reviewed the Sustainability-Linked Loans (“SLL”)’s sustainability performance targets.

3. Annual Report/Corporate Governance (“CG”) Report

- a. Reviewed the relevant statements and reports for inclusion in the Integrated Annual Report 2023.
- b. Reviewed the CG Report.

4. Others

- a. Reviewed the money lending operation of the Group and the release of the necessary quarterly announcements pursuant to Paragraph 8.23(2)(e) and Paragraphs 3.1 and 3.3 of Practice Note 11 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities.
- b. Reviewed the E-Money Exit Plan and recommended to the Board for approval before submission to Bank Negara Malaysia.

RESPONSIBILITIES

Risk Management

- Assessing the Group’s processes relating to its risks and control environment.
- Reviewing and recommending risk management strategies, policies and risk tolerance for the Board’s approval.
- Reviewing the adequacy of the Group’s risk management framework, monitoring principal risks that affects the Group and ensuring that the evaluation of risk management and mitigation measures are in place in order to safeguard shareholders’ investments and the Group’s assets.
- Conducting annual review on the adequacy and effectiveness of risk management processes and practices.
- Reviewing the Group’s stress test procedures including test scenarios, parameters, key assumptions and results.
- Reviewing Management’s periodic report on risk appetite, risk exposure, risk portfolio composition and risk management activities to ensure that the risk reports are provided with appropriate risk responses.

- Reviewing the Group's Business Continuity Management Framework and policy for dealing with extreme internal/external events and disasters.
- Reviewing and recommending corrective and preventive measures undertaken to remedy failings and/or weaknesses in the risk management processes and practices.
- Reviewing the risk management report and whether appropriate actions are taken by Management on the recommendations made.
- Reviewing the appointment, transfer and dismissal of the Chief Risk Officer as well as to evaluate the adequacy of the risk management function.
- Reviewing the following statement and reports for inclusion in the Integrated Annual Report:
 - Board Risk Committee Report
 - Statement on Risk Management and Internal Control
 - Sustainability Statement
 - Corporate Governance Overview Statement
 - Corporate Governance Report

Compliance

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

Sustainability

- Facilitating and promoting integration of sustainability considerations into business strategy and operations.
- Overseeing the framing of sustainability initiatives.
- Supporting formulation of sustainability policies.
- Overseeing, governing and monitoring performance in relation to execution of sustainability initiatives.
- Reviewing sustainability related matters including the Sustainability Framework, material sustainability risk, material sustainability matters, sustainability performance and reporting.

Other responsibilities

- Reviewing governance related matters that may be considered/requested by the Board from time to time.
- Carrying out such other assignments as may be agreed upon or delegated by the Board.

- Reviewing the Integrated Annual Report prior to Board's approval.
- Reviewing the subsidiary company's risk and compliance issues.
- Providing reasonable oversight over the implementation and effectiveness of the Group's Anti-Bribery compliance programs.
- Reviewing the E-Money Exit Plan before submission to Bank Negara Malaysia.

AUTHORITY

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

- Investigate any matter within its terms of reference.
- Seek any information it requires from employees who are required to cooperate with any request made by Committee.
- Have full and unrestricted access to any information pertaining to the Group.
- Have communication channels with internal and external auditors, through the Audit Committee, and with Senior Management of the Group.
- Have access to adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary, at the expense of the Group.
- Report to Bursa Securities any matter that has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, after the matter has been reported to the Board.

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

PERFORMANCE

On an annual basis, the Board via the Nomination & Remuneration Committee will review and evaluate the term of office and performance of the BRC and its members determine whether the BRC and its members have carried out their duties in accordance with their terms of reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In line with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”), the Board of Directors (“the Board”) of a listed issuer is required to include in its Integrated Annual Report a Statement on Risk Management and Internal Control. This statement which outlines the nature and the key features of risk management and internal control systems within AEON Credit Service (M) Berhad and its subsidiary (“the Group”) for the financial year ended 29 February 2024 (“FYE2024”), has been prepared in accordance with:

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

Board Responsibilities

The Board affirms its commitment and overall responsibility to review and approve the Group’s overall risk strategy, including risk appetite, risk tolerance and overseeing its implementation to support the sustainability initiatives of the Group. The Board has always placed significant emphasis on the presence of sound risk management and internal control systems that are necessary in safeguarding the Group’s assets and shareholders’ interest, as well as to ensure compliance with applicable laws and regulations. In light of the above, the Board ensures that there are proper risk management processes in place to identify, evaluate, review and manage significant or emerging risks that could derail the Group’s aim in meeting its objectives.

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

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

For the FYE2024, seven (7) BRC meetings were conducted with the purpose of overseeing the Group’s risk management and compliance processes with particular emphasis on their adequacy and effectiveness. The BRC sets the strategic direction for the risk roles, responsibilities and reporting structures. Periodic reporting on the risk management activities undertaken by the Management are reported by the BRC to the Board. The BRC is also responsible to review the Group’s sustainability related matters, including Sustainability Framework, material matters covering Environment, Social and Governance (“ESG”) risks, and sustainability reporting. For more details on the function of the BRC, please refer to BRC Report on page 123 to 125.

Management Responsibilities

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

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

The Management has further assured the Board that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects with the necessary processes being implemented.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key functions and processes overseen by the Board to review the adequacy and effectiveness of the Group's risk management and internal control systems include the following:

Risk Management

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

The key features of the ERMF include:

Risk Appetite

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

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

Risk Governance and Oversight

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

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

• 1st Line of Defence – Risk Taking

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

• 2nd Line of Defence – Risk Controlling

The second line of defence supports senior management to monitor and review the first line of defence to ensure risks and controls are properly managed. Essentially, this is a management and oversight function that owns aspects of the risk management and compliance processes.

• 3rd Line of Defence – Assurance Party

The third line of defence provides assurance to senior management and the Board that the first and second lines efforts are consistent and meet expectations. This assurance function is performed by Internal Audit Division.

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

During the financial year, in conjunction with the Cloud Migration Project, the Group has established Framework of Cloud Security and Framework of Outsourcing Risk Management which came into effect in May 2023. The Framework of Cloud Security is to ensure the security of cloud-based information systems and services while the Framework of Outsourcing Risk Management is to provide the guiding principles for risk management originating from all relationships with third parties, mainly on outsourcing risks. The frameworks are also aligned with BNM's requirements in Risk Management in Technology ("RMiT"), Outsourcing Policy Document and Cloud Technology Risk Assessment Guidelines ("CTRAG"), with the expert guidance by the Group's appointed Chief Information Security Officer ("CISO").

In FYE2024, the Group's Compliance Section has reviewed Regulatory Compliance-related policies, including Policy of Personal Data Governance, Policy of Gift and Entertainment, and Policy of Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT and TFS"). The revision to the Policy of Personal Data Governance aimed to mitigate risks associated with data processing and demonstrate a commitment to responsible data stewardship. Furthermore, the Policy of Gift and Entertainment was enhanced further to provide guiding principles and robust controls to support an effective anti-bribery and corruption management system. Moreover, the Policy of AML/CFT and TFS was revised in accordance with policy of AEON Financial Service Co., Ltd. ("AFS"), to work together and collaborate with AFS and group of companies of AFS ("AFS Group") to prevent money laundering, terrorism financing and financial crimes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Additionally, the Group has undergone surveillance maintenance for ISO 9001:2015 Quality Management System ("QMS"), ISO/IEC 27001:2013 Information Security Management System ("ISMS") and ISO 14001:2015 Environmental Management System ("EMS") which was conducted by the appointed external auditor, TUV Nord, in December 2023. The surveillance maintenance demonstrates that the Group has reviewed the QMS, ISMS and EMS performances to ensure continued suitability, adequacy, effectiveness and alignment with the Group's strategic direction. Concurrently, the Group has also obtained recertification for ISO 37001:2016 Anti-Bribery Management System ("ABMS") in March 2023.

In FYE2024, the Company also supported its subsidiary company, AEON Insurance Brokers (M) Sdn. Bhd. ("AIB"), in establishing the ERMF which came into effect in December 2023. The ERMF integrates risk management with business practices to support better decision-making. AIB has adopted risk management tools such as Risk and Control Self-Assessment ("RCSA"), Incident Management and Key Risk Indicator ("KRI") to further foster risk management culture.

In ensuring the Board and Management's roles and responsibilities are adequately discharged, the Group has various Management committees and meetings in place to assist and support the Board. Generally, there are two (2) meeting categories which are the Board Level Meeting and Company Level Meeting. The Board Level Meeting is supported by three (3) committees whereas the Company Level Meeting is supported by thirteen (13) committees. The committees have specific roles and mandates to provide comprehensive oversight and control functions within the Group.

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

Risk and Compliance Culture

Risk Management Department and Compliance Section continuously seek to build a strong risk management and compliance culture by promoting awareness, ownership and accountability. Training, e-learning and awareness are being emphasised in order to promote the risk and compliance culture. The risk and compliance related frameworks, policies and procedures are reviewed on a periodic basis to meet changes in the business environment, as well as the requirements of applicable laws and regulations.

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

Risk Management Process

a) Risk Identification

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

b) Risk Evaluation and Treatment

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

c) Risk Monitoring and Reporting

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

d) Communication

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

Internal Control Systems

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

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

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

All the above mentioned processes are in place with the aim of providing reasonable assurance as to the accuracy of financial information, non-financial disclosures, the Group's compliance with applicable laws and regulations, and the effectiveness of the internal control systems. The Board will conduct reviews on a continuous basis to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets and stakeholders' interests.

Internal Audit Function

The Group has an adequately resourced in-house internal audit function. The primary responsibility of the Internal Audit Division is to provide independent and objective assessment on the adequacy and effectiveness of the risk management, internal control, anti-corruption, whistle-blowing and governance processes implemented by Management. The Internal Audit Division adopts a risk-based audit planning methodology to plan and

prioritise the audit work focusing on high risk auditable areas, which encompassed auditing the Group's business and support functions, information systems, IT operations & security, J-SOX assessment, outsourced service providers and the subsidiary company, AIB. These are guided by an annual internal audit plan, which is approved by the AC and internal audit reports are tabled at the AC Meetings for review and deliberation. Where applicable, the Internal Audit Division provides recommendations to improve the management of risks, control, anti-corruption, whistle-blowing and governance processes. The AC regularly reviews the status of rectification actions on the findings or recommendations by the Internal Audit Division.

 For more details on the function of the Internal Audit Division, please refer to pages 118 to 122, Audit Committee Report.

Assessment of Risk Management and Internal Control Systems

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

Review of Statement by External Auditors

According to Paragraph 15.23 of the MMLR, this Statement has been reviewed by the external auditors for the FYE2024. The limited assurance was conducted in accordance with the Audit Assurance Practice Guide 3 ("AAPG3"), which was issued by the Malaysian Institute of Accountants ("MIA"), and it does not require the external auditors to form an opinion on the effectiveness and adequacy of the Group's risk management and internal control systems. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that had caused them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

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

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

In preparing the financial statements, the Directors have:

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

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

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

2. AUDIT AND NON-AUDIT FEES

The details of the audit and non-audit fees paid or payable for the financial year ended 29 February 2024 to the External Auditors and a firm or corporation affiliated to the External Auditors are set out below:

	Group RM'000	Company RM'000
Audit Fees		
- Statutory audit	420	386
- J-SOX Audit	132	132
Total Audit Services	552	518
Non-Audit Fees		
- Statement of Risk Management and Internal Control review	12	12
- Regulatory reporting review	56	34
Total Non-Audit Services	68	46
Total Fees	620	564

3. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

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

At the Twenty-Sixth (26th) Annual General Meeting ("AGM") held on Wednesday, 21 June 2023, the Company obtained a shareholders' mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of the recurrent related party transactions conducted during the financial year ended 29 February 2024 is set out on pages 182 to 185 of the IAR.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 29 February 2024.

PRINCIPAL ACTIVITIES

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

The details of the subsidiary company and the associate are disclosed in Note 7 and Note 8 to the financial statements respectively.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	424,018	437,135

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

DIVIDENDS

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

	RM'000
In respect of the financial year ended 28 February 2023:	
- Final single-tier dividend of 21.00 sen per ordinary share, paid on 20 July 2023	53,614
In respect of the financial year ended 29 February 2024:	
- Interim single-tier dividend of 28.50 sen per ordinary share, paid on 2 November 2023	72,763
Total	126,377

The Directors have proposed a final single-tier dividend of 14.00 sen per ordinary share in respect of the current financial year amounting to RM71,486,000, computed based on the issued and paid-up capital in the Company of 510,615,380 ordinary shares.

The proposed final single-tier dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the final single-tier dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 28 February 2025.

ISSUE OF SHARES AND DEBENTURES

On 21 November 2023, the Company completed the bonus issue of 255,307,690 shares on the basis of one (1) bonus share for every one (1) existing ordinary share held on the entitlement date.

Other than the above, there were no issuance of new shares or debentures during the financial year.

DIRECTORS' REPORT

SHARE OPTIONS

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

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

DIRECTORS

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

Ng Eng Kiat

Daisuke Maeda

S Sunthara Moorthy A/L S Subramaniam

Datuk Adinan bin Maning

Datin Yasmin Ahmad Merican

Rashidah binti Abu Bakar

Mitsugu Tamai

Lee Tyan Jen

Chin Pik Yuen

(appointed on 27 July 2023)

Datin Khoo Pek Ling

(retired on 21 June 2023)

Tomokatsu Yoshitoshi

(resigned on 21 December 2023)

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

S Sunthara Moorthy A/L S Subramaniam

(appointed on 1 July 2023)

Chen Heng Guan

Daisuke Maeda

Lee Kit Seong

Lee Siew Tee

Raja Zailan Putra bin Raja Azam

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	At 1.3.2023	Number of ordinary shares			At 29.2.2024
		Bought	Bonus issue	Sold	
Direct interest:					
Ng Eng Kiat	21,321	-	21,321	-	42,642
Datin Yasmin Ahmad Merican	20,000	-	20,000	-	40,000
Lee Tyan Jen	42,257	-	42,257	-	84,514

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

DIRECTORS' BENEFITS

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

	Group RM'000	Company RM'000
Directors' remuneration:		
Fees	1,650	1,538
Remuneration	2,853	2,122
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	199	199
	4,702	3,859

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

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the Group's and of the Company's operations for the financial year in which this report is made.

INDEMNITY AND INSURANCE COSTS

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

There was no indemnity given to, nor insurance effected for auditors of the Company during the financial year.

DIRECTORS' REPORT

HOLDING COMPANIES

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

AUDITORS' REMUNERATION

For the financial year ended 29 February 2024, fees paid or payable to the auditors and other member firm of the auditors are disclosed in the table below:

	Group RM'000	Company RM'000
Auditors' remuneration:		
Audit fees		
- auditors of the Group		
- statutory audit	420	386
- assurance and compliance-related service	132	132
Non-audit fees		
- auditors of the Group	46	46
- member firm of auditors	22	-
	620	564

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 1 December 2023, the Company subscribed for 175,000,000 ordinary shares in AEON Bank (M) Berhad ("AEON Bank") for a cash consideration of RM175,000,000, resulting in AEON Bank becoming an associate of the Company.

On 8 January 2024, AEON Bank completed the operational readiness review and obtained approval from Bank Negara Malaysia and Minister of Finance to commence operations effective on 15 January 2024.

AUDITORS

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

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

NG ENG KIAT

DAISUKE MAEDA

Kuala Lumpur
9 May 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CREDIT SERVICE (M) BERHAD

(Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **AEON CREDIT SERVICE (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 29 February 2024, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 141 to 207.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 29 February 2024, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matter	Our Audit Performed and Responses Thereon
<i>Impairment of financing receivables</i> As at 29 February 2024, financing receivables stand at RM11,535,657,000 (2023: RM10,048,613,000) representing 91.4% (2023: 90.4%) of total assets of the Group and of the Company. MFRS 9 requires such financing receivables to be measured using expected credit losses ("ECL") model. The measurement of ECL is complex and requires the application of significant judgement which includes the identification of credit exposures with significant deterioration in credit quality, assumptions used in the ECL models such as the expected future cash flows, time value of money, forward-looking macroeconomic factors and probability-weighted multiple scenarios. Refer to the significant accounting policy in Note 3 to the financial statements, the key sources of estimation uncertainty in Note 4 to the financial statements, the disclosure of financing receivables in Note 12 to the financial statements.	Our audit procedures included, among others: Evaluation of the design and implementation of key controls over impairment of financing receivables, including the governance over the ECL methodology and model development. With the involvement of financial risk specialists, we have: - assessed whether the Group's and the Company's ECL model on financing receivables is in accordance with MFRS 9. The assessment includes assessment of significant assumptions and considerations applied by the Group and the Company in the ECL model to address the requirements of MFRS 9 such as criteria for significant deterioration in credit quality, time value of money, forward-looking macroeconomic factors and probability-weighted multiple scenarios; - recomputed the Group's and the Company's impairment based on the ECL model and compared against the impairment of financing receivables recorded by the Group and the Company; and - verified the inputs into the ECL model developed to ensure accuracy and completeness. We involved our IT specialists in the performance of these procedures where their specific expertise was required.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEON CREDIT SERVICE (M) BERHAD (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CREDIT SERVICE (M) BERHAD

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

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

DELOITTE PLT (LLP0010145-LCA)

Chartered Accountants (AF 0080)

WONG KAR CHOON

Partner – 03153/08/2024 J

Chartered Accountant

9 May 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-current Assets					
Plant and equipment	5	105,389	114,999	104,543	114,855
Right-of-use assets	6	48,549	37,887	48,549	37,887
Investment in a subsidiary company	7	-	-	489	489
Investment in an associate	8	158,425	-	175,000	-
Other investments	9	13,873	26,621	13,873	26,621
Goodwill on consolidation	10	511	511	-	-
Deferred tax assets	11	168,192	197,708	167,987	197,554
Financing receivables	12	8,031,227	6,896,996	8,031,227	6,896,996
Total Non-current Assets		8,526,166	7,274,722	8,541,668	7,274,402
Current Assets					
Financing receivables	12	3,504,430	3,151,617	3,504,430	3,151,617
Trade receivables	13	3,226	1,080	-	-
Other receivables, deposits and prepayments	14	66,852	60,494	66,525	60,427
Amount owing by related companies	31	14,030	11,182	14,030	11,182
Amount owing by an associate	31	447	-	447	-
Derivative financial assets	15	361,618	226,666	361,618	226,666
Cash, bank balances and deposits	16	143,568	391,337	136,929	385,752
Total Current Assets		4,094,171	3,842,376	4,083,979	3,835,644
TOTAL ASSETS		12,620,337	11,117,098	12,625,647	11,110,046

STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	17	584,012	584,012	584,012	584,012
Hedging reserve	18	27,940	(10,248)	27,940	(10,248)
Fair value reserve	19	(7,790)	4,958	(7,790)	4,958
Retained earnings	20	2,033,469	1,746,108	2,040,921	1,740,443
Equity attributable to ordinary equity holders of the Company		2,637,631	2,324,830	2,645,083	2,319,165
Perpetual notes and sukuk	21	-	200,000	-	200,000
Total Equity		2,637,631	2,524,830	2,645,083	2,519,165
Non-current Liabilities					
Borrowings	22	6,603,008	6,178,775	6,603,008	6,178,775
Lease liabilities	6	28,174	20,389	28,174	20,389
Total Non-current Liabilities		6,631,182	6,199,164	6,631,182	6,199,164
Current Liabilities					
Borrowings	22	2,801,538	1,828,194	2,801,538	1,828,194
Trade payables	23	41,644	32,510	40,038	30,960
Other payables and accruals	24	390,565	406,806	389,319	406,070
Amount owing to immediate holding company	31	6,227	10,355	6,227	10,355
Amount owing to related companies	31	7,523	5,091	7,523	5,091
Amount owing to a subsidiary company	31	-	-	1,156	1,057
Derivative financial liabilities	15	48,929	52,776	48,929	52,776
Lease liabilities	6	21,850	17,704	21,850	17,704
Tax liabilities		33,248	39,668	32,802	39,510
Total Current Liabilities		3,351,524	2,393,104	3,349,382	2,391,717
Total Liabilities		9,982,706	8,592,268	9,980,564	8,590,881
TOTAL EQUITY AND LIABILITIES		12,620,337	11,117,098	12,625,647	11,110,046

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income, profit revenue and finance charges		1,695,714	1,446,240	1,695,714	1,446,240
Fee income		216,777	194,005	203,516	184,943
Revenue	25	1,912,491	1,640,245	1,899,230	1,631,183
Staff costs	26	(246,082)	(219,353)	(241,795)	(216,434)
Depreciation of plant and equipment		(38,698)	(41,876)	(38,545)	(41,867)
Operating expenses		(972,312)	(682,528)	(971,511)	(682,199)
Reversal/(Allowance) for impairment loss on financing receivables		90,528	(30,887)	90,528	(30,887)
Other income		194,365	197,296	197,575	199,205
Profit from operations		940,292	862,897	935,482	859,001
Finance costs	27	(358,543)	(315,921)	(358,543)	(315,920)
Share of results in an associate	8	(16,575)	-	-	-
Profit before tax	28	565,174	546,976	576,939	543,081
Taxation	29	(141,156)	(129,291)	(139,804)	(128,356)
Profit for the financial year		424,018	417,685	437,135	414,725
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss:					
Net changes in cash flow hedge		38,188	38,951	38,188	38,951
Item that will not be reclassified subsequently to profit or loss:					
Net fair value changes on investments at fair value through other comprehensive income	9	(12,748)	896	(12,748)	896
Total other comprehensive income for the financial year		25,440	39,847	25,440	39,847
Total comprehensive income for the financial year		449,458	457,532	462,575	454,572
Profit attributable to equity holders of the Company		424,018	417,685	437,135	414,725
Total comprehensive income attributable to equity holders of the Company		449,458	457,532	462,575	454,572
Earnings per ordinary share attributable to owners of the Company (sen)					
Basic	30	81.08	79.81*	83.65	79.23*

* The weighted average number of ordinary shares in issue as at 28 February 2023 have been adjusted retrospectively to reflect the Bonus Issue of 1 for 1 which was completed on 21 November 2023.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

Group	Note	Non-distributable				Distributable	
		Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 March 2022		584,012	200,000	(49,199)	4,062	1,462,411	2,201,286
Cash flow hedge, net of tax		-	-	38,951	-	-	38,951
Fair value through other comprehensive income		-	-	-	896	-	896
Profit for the year		-	-	-	-	417,685	417,685
Total comprehensive income for the year		-	-	38,951	896	417,685	457,532
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(10,163)	(10,163)
Dividends	32	-	-	-	-	(123,825)	(123,825)
At 28 February 2023		584,012	200,000	(10,248)	4,958	1,746,108	2,524,830
At 1 March 2023		584,012	200,000	(10,248)	4,958	1,746,108	2,524,830
Cash flow hedge, net of tax		-	-	38,188	-	-	38,188
Fair value through other comprehensive income		-	-	-	(12,748)	-	(12,748)
Profit for the year		-	-	-	-	424,018	424,018
Total comprehensive income for the year		-	-	38,188	(12,748)	424,018	449,458
Redemption of perpetual notes and sukuk	21	-	(200,000)	-	-	-	(200,000)
Bonus issuance expenses		-	-	-	-	(283)	(283)
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(9,997)	(9,997)
Dividends	32	-	-	-	-	(126,377)	(126,377)
At 29 February 2024		584,012	-	27,940	(7,790)	2,033,469	2,637,631

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

Company	Note	Non-distributable				Distributable	
		Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 March 2022		584,012	200,000	(49,199)	4,062	1,459,706	2,198,581
Cash flow hedge, net of tax		-	-	38,951	-	-	38,951
Fair value through other comprehensive income		-	-	-	896	-	896
Profit for the year		-	-	-	-	414,725	414,725
Total comprehensive income for the year		-	-	38,951	896	414,725	454,572
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(10,163)	(10,163)
Dividends	32	-	-	-	-	(123,825)	(123,825)
At 28 February 2023		584,012	200,000	(10,248)	4,958	1,740,443	2,519,165
At 1 March 2023		584,012	200,000	(10,248)	4,958	1,740,443	2,519,165
Cash flow hedge, net of tax		-	-	38,188	-	-	38,188
Fair value through other comprehensive income		-	-	-	(12,748)	-	(12,748)
Profit for the year		-	-	-	-	437,135	437,135
Total comprehensive income for the year		-	-	38,188	(12,748)	437,135	462,575
Redemption of perpetual notes and sukuk	21	-	(200,000)	-	-	-	(200,000)
Bonus issuance expenses		-	-	-	-	(283)	(283)
Distribution on perpetual notes and sukuk, net of tax		-	-	-	-	(9,997)	(9,997)
Dividends	32	-	-	-	-	(126,377)	(126,377)
At 29 February 2024		584,012	-	27,940	(7,790)	2,040,921	2,645,083

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	565,174	546,976	576,939	543,081
Adjustments for:				
Interest/profit income from deposits with licensed financial institutions	(9,147)	(8,496)	(9,002)	(8,441)
Gain on disposal of plant and equipment	(41)	(27)	(15)	(27)
Dividend income	(4)	(9)	(637)	(9)
Finance costs	356,976	314,078	356,976	314,078
Interest expense on lease liabilities	1,567	1,843	1,567	1,842
Depreciation of plant and equipment	38,698	41,876	38,545	41,867
Depreciation of right-of-use assets	21,420	21,013	21,420	20,965
(Reversal)/Allowance for impairment loss on financing receivables	(90,528)	30,887	(90,528)	30,887
Write-off on financing receivables	660,440	416,945	660,440	416,945
Allowance for impairment loss on trade receivables	29	12	-	-
Write-off of plant and equipment	2,280	4,716	2,270	4,716
Share of results in an associate	16,575	-	-	-
Operating Profit Before Changes in Working Capital	1,563,439	1,369,814	1,557,975	1,365,904
Changes in working capital:				
Financing receivables	(2,056,956)	(1,395,334)	(2,056,956)	(1,395,334)
Trade receivables	(2,175)	416	-	-
Other receivables, deposits and prepayments	(6,358)	(3,496)	(6,098)	(3,465)
Amount owing by related companies	(2,848)	8,053	(2,848)	8,053
Amount owing by an associate	(447)	-	(447)	-
Trade payables	9,134	6,362	9,078	6,629
Other payables and accruals	(26,970)	37,002	(27,480)	36,445
Amount owing to immediate holding company	(4,128)	2,624	(4,128)	2,624
Amount owing to related companies	2,432	249	2,432	249
Amount owing to a subsidiary company	-	-	99	(3)
Cash held in trust for customers	(2,373)	(8,847)	(2,534)	(8,594)
Cash (Used In)/Generated From Operations	(527,250)	16,843	(530,907)	12,508
Tax paid	(126,963)	(115,086)	(125,848)	(114,786)
Net Cash Used In Operating Activities	(654,213)	(98,243)	(656,755)	(102,278)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant and equipment	5	(31,761)	(17,350)	(30,896)	(17,225)
Proceeds from disposal of plant and equipment		434	75	408	75
Investment in an associate	8	(175,000)	-	(175,000)	-
Interest/profit income from deposits with licensed financial institutions received		9,147	8,496	9,002	8,441
Dividend income		4	9	637	9
Net Cash Used In Investing Activities		(197,176)	(8,770)	(195,849)	(8,700)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to equity holders of the Company		(126,377)	(123,825)	(126,377)	(123,825)
Proceeds from bank borrowings	(ii)	4,950,000	1,050,000	4,950,000	1,050,000
Repayment of bank borrowings	(ii)	(3,640,594)	(599,764)	(3,640,594)	(599,764)
Redemption of perpetual notes and sukuk		(200,000)	-	(200,000)	-
Bonus issued expenses		(283)	-	(283)	-
Distribution paid to perpetual notes and sukuk holders		(13,154)	(13,371)	(13,154)	(13,371)
Repayment of lease liabilities	(iii)	(23,498)	(23,710)	(23,498)	(23,658)
(Increase)/Decrease in deposits held in trust account		(24)	27	(24)	27
Finance costs paid		(344,847)	(308,787)	(344,847)	(308,787)
Net Cash From/(Used In) Financing Activities		601,223	(19,430)	601,223	(19,378)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(250,166)	(126,443)	(251,381)	(130,356)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		341,790	468,233	336,458	466,814
CASH AND CASH EQUIVALENTS AT END OF YEAR	(i)	91,624	341,790	85,077	336,458

(i) *Cash and cash equivalents*

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

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	16	82,872	95,993	76,301	93,965
Deposits placed with licensed financial institutions	16	60,696	295,344	60,628	291,787
		143,568	391,337	136,929	385,752
Cash held in trust for customers	16	(51,784)	(49,411)	(51,692)	(49,158)
Deposits held in trust account	16	(160)	(136)	(160)	(136)
		91,624	341,790	85,077	336,458

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

(ii) Reconciliation of liabilities arising from financing activities

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

	Note	At 1 March RM'000	Net changes from financing cash flows (a) RM'000	Non-cash changes (b) RM'000	At 29/28 February RM'000
Group					
2024					
Borrowings	22	8,006,969	1,309,406	88,171	9,404,546
Lease liabilities	6	38,093	(23,498)	35,429	50,024
2023					
Borrowings	22	7,390,496	450,236	166,237	8,006,969
Lease liabilities	6	45,738	(23,710)	16,065	38,093
Company					
2024					
Borrowings	22	8,006,969	1,309,406	88,171	9,404,546
Lease liabilities	6	38,093	(23,498)	35,429	50,024
2023					
Borrowings	22	7,390,496	450,236	166,237	8,006,969
Lease liabilities	6	45,687	(23,658)	16,064	38,093

(a) The cash flows are made up of proceeds and repayments of borrowings and lease liabilities including interest on lease liabilities.

(b) Non-cash changes consist of unrealised foreign exchange (gain)/loss arising from revaluation of term loans and additions on lease liabilities.

(iii) Cash outflow for leases as a lessee

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Included in net cash used in</u>				
<u>financing activities</u>				
Payment for principal				
portion of lease liabilities	21,931	21,867	21,931	21,816
Interest paid in relation to				
lease liabilities	1,567	1,843	1,567	1,842
	23,498	23,710	23,498	23,658

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

The principal activity of the subsidiary company and the associate are disclosed in Note 7 and Note 8 respectively.

There have been no significant changes in the nature of these principal activities during the financial year.

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

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 9 May 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of compliance

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

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

Adoption of New Standards and Amendments to MFRSs

In the current financial year, the Group and the Company adopted all the new Standards and Amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for financial periods commencing on or after 1 March 2023.

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 101 *Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*
- Amendments to MFRS 17 *Initial Application of MFRS 9 and MFRS 17 - Comparative Information*

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

Amendments to MFRSs in issue but not yet effective

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

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Classification of Liabilities as Current and Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *Lack of Exchangeability*

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

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

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

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company adopted Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments did not result in any material changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements by the Group and the Company, unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, subsidiary and associate, made up to the end of the financial year.

A subsidiary is an entity controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiary is measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the date of acquisition. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3.3 Associate

An associate is an entity in which the Group has significant influence, but not control or joint control over, the financial and operating policies of the investee company.

An associate is accounted for in the consolidated financial statements using the equity method less impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Any excess of the Group's share of the associate's net fair value of identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Depreciation

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

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

The principal annual rates are as follows:

Office equipment	4 – 7 years
Computer equipment and software	2 – 10 years
Motor vehicles	5 years
Furniture and fittings	2 – 4 years
Renovation	4 – 5 years

The depreciable amount is determined after deducting the residual value.

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

3.5 Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset that may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(i) Definition of a lease (continued)

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) Recognition and initial measurement

Company as a lessee

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(iii) Subsequent measurement

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

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

3.6 Impairment of non-financial assets

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

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

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

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

3.7 Financial assets

(i) Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(ii) Classification and subsequent measurement

The Group and the Company have applied MFRS 9 and classified the financial assets in the following measurement categories – amortised cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”).

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

(a) Amortised cost

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

(b) FVTOCI

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

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

(c) FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(iii) Derecognition of financial assets

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

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

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

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

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

(b) Derecognition other than for substantial modification

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

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

3.8 Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of financial assets (continued)

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

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

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

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

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

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

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

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

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

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

Significant increase in credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of financial assets (continued)

Significant increase in credit risk (continued)

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

Credit impaired (default)

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

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

Forward-looking information

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

Write-offs

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

3.9 Financial liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Equity instruments

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

(i) Perpetual notes

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

(ii) Perpetual sukuk

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

(iii) Share capital

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

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

3.11 Derivative instruments

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

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

3.12 Hedge accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Cash flow hedge

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

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

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

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

3.14 Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

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

3.15 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue recognition

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

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

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

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

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

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

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

- (iii) Brokerage fee

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

3.17 Employee benefits

- (i) Short-term employee benefits

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

- (ii) Defined contribution plan

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.18 Foreign currency transactions

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

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

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

3.19 Income tax

(i) Current tax

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

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Earnings per ordinary share

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the Company's accounting policies

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

Key sources of estimation uncertainty

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

(i) Impairment loss on financing receivables (Note 12)

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

The Group and the Company have exercise judgement in the provision of management overlay for ECL which is estimated and adopted based on information on-hand. Management overlay is made in circumstances where the Group and the Company believe that existing inputs, assumptions and modelling process have not captured existing risk factors relevant to the financing receivables. Examples of such circumstances include management overlay for potential deterioration in credit risk of certain customers that have not been considered in the modelling process.

The impact of these overlays, which are estimated at portfolio level and remained outside the core MFRS 9 process, amounted to RM49,785,000 (2023: RM105,036,000).

(ii) Deferred tax assets (Note 11)

The Group and the Company assess at the end of the reporting period whether there are probable and sufficient future taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Fair value estimation of financial instruments (Note 9 and Note 15)

The fair value of financial instruments measured at fair value is determined using a variety of valuation techniques. The Group and the Company generally use widely recognised valuation models with market observable inputs, judgement is required where market observable data are not available. Such judgement normally incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities, discount rates, growth rates and cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

5. PLANT AND EQUIPMENT

Group	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 March 2022	9,348	319,824	2,605	16,624	54,229	16,548	419,178
Additions	350	7,837	-	221	37	8,905	17,350
Disposals	-	(2,229)	-	-	-	-	(2,229)
Write-off	(570)	(2,353)	-	(361)	(115)	(4,414)	(7,813)
Reclassification	-	12,284	-	-	15	(12,299)	-
At 28 February 2023/ At 1 March 2023	9,128	335,363	2,605	16,484	54,166	8,740	426,486
Additions	599	8,553	-	390	509	21,710	31,761
Disposals	(369)	(5,650)	(182)	(245)	-	-	(6,446)
Write-off	(1,604)	(11,348)	-	(1,417)	(522)	(2,204)	(17,095)
Reclassification	-	19,925	-	-	581	(20,506)	-
At 29 February 2024	7,754	346,843	2,423	15,212	54,734	7,740	434,706
Accumulated Depreciation							
At 1 March 2022	7,122	201,947	1,407	16,471	47,942	-	274,889
Charge for the year	1,096	36,383	375	211	3,811	-	41,876
Disposals	-	(2,181)	-	-	-	-	(2,181)
Write-off	(565)	(2,088)	-	(361)	(83)	-	(3,097)
At 28 February 2023/ 1 March 2023	7,653	234,061	1,782	16,321	51,670	-	311,487
Charge for the year	893	34,866	300	191	2,448	-	38,698
Disposals	(363)	(5,263)	(182)	(245)	-	-	(6,053)
Write-off	(1,579)	(11,312)	-	(1,416)	(508)	-	(14,815)
At 29 February 2024	6,604	252,352	1,900	14,851	53,610	-	329,317
Carrying amounts							
At 28 February 2023	1,475	101,302	823	163	2,496	8,740	114,999
At 29 February 2024	1,150	94,491	523	361	1,124	7,740	105,389

NOTES TO THE FINANCIAL STATEMENTS

5. PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 March 2022	9,250	319,824	2,423	16,566	53,970	16,548	418,581
Additions	311	7,837	-	218	28	8,831	17,225
Disposals	-	(2,229)	-	-	-	-	(2,229)
Write-off	(570)	(2,353)	-	(361)	(115)	(4,414)	(7,813)
Reclassification	-	12,284	-	-	15	(12,299)	-
At 28 February 2023/ 1 March 2023	8,991	335,363	2,423	16,423	53,898	8,666	425,764
Additions	524	8,553	-	389	486	20,944	30,896
Disposals	(369)	(5,650)	-	(245)	-	-	(6,264)
Write-off	(1,542)	(11,348)	-	(1,362)	(255)	(2,204)	(16,711)
Reclassification	-	19,247	-	-	581	(19,828)	-
At 29 February 2024	7,604	346,165	2,423	15,205	54,710	7,578	433,685
Accumulated Depreciation							
At 1 March 2022	7,048	201,947	1,225	16,413	47,687	-	274,320
Charge for the year	1,089	36,383	375	211	3,809	-	41,867
Disposals	-	(2,181)	-	-	-	-	(2,181)
Write-off	(565)	(2,088)	-	(361)	(83)	-	(3,097)
At 28 February 2023/ 1 March 2023	7,572	234,061	1,600	16,263	51,413	-	310,909
Charge for the year	859	34,755	300	189	2,442	-	38,545
Disposals	(363)	(5,263)	-	(245)	-	-	(5,871)
Write-off	(1,517)	(11,312)	-	(1,361)	(251)	-	(14,441)
At 29 February 2024	6,551	252,241	1,900	14,846	53,604	-	329,142
Carrying amounts							
At 28 February 2023	1,419	101,302	823	160	2,485	8,666	114,855
At 29 February 2024	1,053	93,924	523	359	1,106	7,578	104,543

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

Right-of-use assets

	Office floor space RM'000	Computer equipment RM'000	Total RM'000
Group			
Cost			
At 1 March 2022	73,169	17,167	90,336
Additions	14,222	-	14,222
Termination	(12,369)	-	(12,369)
At 28 February 2023/1 March 2023	75,022	17,167	92,189
Additions	12,501	19,581	32,082
Termination	(7,426)	-	(7,426)
At 29 February 2024	80,097	36,748	116,845
Accumulated depreciation			
At 1 March 2022	39,455	6,203	45,658
Charge for the year	17,143	3,870	21,013
Termination	(12,369)	-	(12,369)
At 28 February 2023/1 March 2023	44,229	10,073	54,302
Charge for the year	16,869	4,551	21,420
Termination	(7,426)	-	(7,426)
At 29 February 2024	53,672	14,624	68,296
Carrying amounts			
At 28 February 2023	30,793	7,094	37,887
At 29 February 2024	26,425	22,124	48,549
Company			
Cost			
At 1 March 2022	73,088	17,167	90,255
Additions	14,222	-	14,222
Termination	(12,288)	-	(12,288)
At 28 February 2023/1 March 2023	75,022	17,167	92,189
Additions	12,501	19,581	32,082
Termination	(7,426)	-	(7,426)
At 29 February 2024	80,097	36,748	116,845
Accumulated depreciation			
At 1 March 2022	39,422	6,203	45,625
Charge for the year	17,095	3,870	20,965
Termination	(12,288)	-	(12,288)
At 28 February 2023/1 March 2023	44,229	10,073	54,302
Charge for the year	16,869	4,551	21,420
Termination	(7,426)	-	(7,426)
At 29 February 2024	53,672	14,624	68,296
Carrying amounts			
At 28 February 2023	30,793	7,094	37,887
At 29 February 2024	26,425	22,124	48,549

NOTES TO THE FINANCIAL STATEMENTS

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

The Group and the Company lease several assets including office floor space and computer equipment. The lease terms range from one to five years (2023: one to five years).

Lease liabilities

The lease liabilities component is analysed as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-current	28,174	20,389	28,174	20,389
Current	21,850	17,704	21,850	17,704
	50,024	38,093	50,024	38,093

The maturity analysis of lease liabilities is presented in Note 35.

The following are amounts recognised in profit or loss:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of right-of-use assets	21,420	21,013	21,420	20,965
Interest expense on lease liabilities	1,567	1,843	1,567	1,842
Expenses relating to short-term leases	8,383	7,470	8,376	7,462
Expenses relating to leases of low value assets	2,407	2,041	2,407	2,041

7. INVESTMENT IN A SUBSIDIARY COMPANY

	Company	
	2024	2023
	RM'000	RM'000
Unquoted shares, at cost	489	489

The details of the subsidiary company are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activity
		2024	2023	
		%	%	
AEON Insurance Brokers (M) Sdn. Bhd.	Malaysia	100	100	Insurance broker

* The subsidiary is audited by Deloitte PLT.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares, at cost	175,000	-	175,000	-
Share of post-acquisition reserves	(16,575)	-	-	-
	158,425	-	175,000	-

The details of the associate are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activity
		2024 %	2023 %	
AEON Bank (M) Berhad ("AEON Bank") (Formerly known as ACS Digital Berhad)*	Malaysia	50	-	Islamic digital banking

* The associate is audited by KPMG PLT.

On 1 December 2023, the Company subscribed for 175,000,000 ordinary shares in AEON Bank for a cash consideration of RM175,000,000, resulting AEON Bank becoming an associate of the Company.

On 8 January 2024, AEON Bank completed the operational readiness review and obtained approval from Bank Negara Malaysia ("BNM") and Minister of Finance to commence operations effective on 15 January 2024. As part of this approval, the Company has given an undertaking to BNM to provide adequate funds proportionate to its shareholding in AEON Bank at material time, to ensure that AEON Bank has adequate funds to satisfy all its obligations and liabilities due including settlement of all the outstanding customer deposits, in the event of implementation of exit plan by AEON Bank during its foundational phase.

The summarised financial information of the Company's associate which is accounted for using the equity method are as follows:

	2024 RM'000
Non-current assets	116,654
Current assets	162,364
Non-current liabilities	(1,737)
Current liabilities	(28,576)
Net assets	248,705
Loss for the financial year	(85,843)
Total other comprehensive income for the financial year	(85,843)
Reconciliation to carrying amount:	
Share of net assets at the acquisition date	140,928
Goodwill	34,072
Cost of investment	175,000
Share of results in an associate	(16,575)
Carrying amount	158,425

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The commitment relating to the Company's interest in the associate is as follows:

	2024 RM'000
Approved and contracted commitment to fund AEON Bank	100,000

The Company and AEON Financial Service Co., Ltd. are jointly committed to subscribing for additional shares in AEON Bank to support its business.

9. OTHER INVESTMENTS

	Group and Company	
	2024 RM'000	2023 RM'000
Non-current		
At 1 March	26,621	25,725
Changes in fair value recognised in other comprehensive income	(12,748)	896
At 29/28 February	13,873	26,621
Fair value through other comprehensive income:		
Quoted equity in Malaysia	150	238
Unquoted investments outside Malaysia	13,723	26,383
	13,873	26,621
Representing items:		
At fair value	13,873	26,621

The details of the unquoted investments outside Malaysia are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2024 %	2023 %
AEON Credit Service (Philippines) Inc. ("ACSP")	Philippines	Provision of financial services	5	5
AEON Credit Service India Private Limited ("ACSI")	India	Provision of non-banking financial services	4	4
PT. AEON Credit Service Indonesia ("ACSID")	Indonesia	Provision of financial services	5	5

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

NOTES TO THE FINANCIAL STATEMENTS

10. GOODWILL ON CONSOLIDATION

	Group	
	2024 RM'000	2023 RM'000
Cost		
At 29/28 February	511	511

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

11. DEFERRED TAX ASSETS

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Plant and equipment	(9,049)	(9,953)	(9,006)	(9,961)
Hedging reserve	(8,832)	3,228	(8,832)	3,228
Impairment loss on financing receivables	128,708	151,269	128,708	151,269
Recognition of interest income/profit revenue	46,450	42,681	46,450	42,681
Provision for bonus and others	11,105	10,551	10,858	10,406
Right-of-use assets	(15,728)	(10,465)	(15,728)	(10,465)
Leases liabilities	15,538	10,397	15,537	10,396
Net deferred tax assets	168,192	197,708	167,987	197,554

Movement in temporary differences during the year

	At 1 March 2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 28 February 2023/ 1 March 2023 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 29 February 2024 RM'000
Group							
Plant and equipment	(9,434)	(519)	-	(9,953)	904	-	(9,049)
Hedging reserve	15,528	-	(12,300)	3,228	-	(12,060)	(8,832)
Impairment loss on financing receivables	147,579	3,690	-	151,269	(22,561)	-	128,708
Recognition of interest income/profit revenue	44,369	(1,688)	-	42,681	3,769	-	46,450
Provision for bonus and others	13,019	(2,468)	-	10,551	554	-	11,105
Unused tax losses	600	(600)	-	-	-	-	-
Right-of-use assets	(5,229)	(5,236)	-	(10,465)	(5,263)	-	(15,728)
Leases liabilities	5,365	5,032	-	10,397	5,141	-	15,538
	211,797	(1,789)	(12,300)	197,708	(17,456)	(12,060)	168,192

Note 29

Note 29

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX ASSETS (CONTINUED)

Movement in temporary differences during the year (continued)

	At 1 March 2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 28 February 2023/ 1 March 2023 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 28 February 2024 RM'000
Company							
Plant and equipment	(9,431)	(530)	-	(9,961)	955	-	(9,006)
Hedging reserve	15,528	-	(12,300)	3,228	-	(12,060)	(8,832)
Impairment loss on financing receivables	147,579	3,690	-	151,269	(22,561)	-	128,708
Recognition of interest income/profit revenue	44,369	(1,688)	-	42,681	3,769	-	46,450
Provision for bonus and others	12,991	(2,585)	-	10,406	452	-	10,858
Right-of-use assets	(5,229)	(5,236)	-	(10,465)	(5,263)	-	(15,728)
Leases liabilities	5,364	5,032	-	10,396	5,141	-	15,537
	211,171	(1,317)	(12,300)	197,554	(17,507)	(12,060)	167,987
		Note 29			Note 29		

12. FINANCING RECEIVABLES

	Group and Company	
	2024 RM'000	2023 RM'000
Financing receivables from customers	16,737,303	14,544,785
Less: Unearned carrying charges	(4,504,990)	(3,708,988)
Gross financing receivables	12,232,313	10,835,797
Less: Allowance for impairment loss	(696,656)	(787,184)
	11,535,657	10,048,613
Less: Non-current financing receivables	(8,031,227)	(6,896,996)
Current financing receivables	3,504,430	3,151,617

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCING RECEIVABLES (CONTINUED)

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

Group and Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 March 2022	212,758	267,096	276,443	756,297
- Transfers to Stage 1	120,815	(104,808)	(16,007)	-
- Transfers to Stage 2	(7,902)	21,673	(13,771)	-
- Transfers to Stage 3	(4,861)	(25,965)	30,826	-
Net measurement of allowances	(149,681)	47,497	505,007	402,823
Changes to risk parameters	66,792	34,551	(30,819)	70,524
New financial assets originated	103,701	40,549	46,530	190,780
Financial assets derecognised	(36,953)	(64,557)	(114,785)	(216,295)
	91,911	(51,060)	406,981	447,832
Write-off (Note 28)	-	-	(416,945)	(416,945)
At 28 February 2023/At 1 March 2023	304,669	216,036	266,479	787,184
- Transfers to Stage 1	41,774	(35,067)	(6,707)	-
- Transfers to Stage 2	(8,582)	12,686	(4,104)	-
- Transfers to Stage 3	(5,884)	(17,064)	22,948	-
Net measurement of allowances	(70,800)	67,518	774,538	771,256
Changes to risk parameters	(74,859)	(49,327)	(36,209)	(160,395)
New financial assets originated	100,848	44,890	51,329	197,067
Financial assets derecognised	(32,884)	(60,718)	(144,414)	(238,016)
	(50,387)	(37,082)	657,381	569,912
Write-off (Note 28)	-	-	(660,440)	(660,440)
At 29 February 2024	254,282	178,954	263,420	696,656

Included in gross financing receivables are:

- An amount of RM10,851,463,000 (2023: RM9,582,976,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles; and
- An amount of RM1,580,000 (2023: RM1,917,000) owing by related companies which is subject to normal trade terms.

13. TRADE RECEIVABLES

	Group 2024 RM'000	2023 RM'000
Trade receivables	3,267	1,092
Less: Allowance for impairment loss	(41)	(12)
	3,226	1,080

Trade receivables mainly represent brokerage fee income due from insurance companies and clients with credit periods ranging from 30 to 60 days (2023: 30 to 60 days). No interest is charged on outstanding trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE RECEIVABLES (CONTINUED)

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

Group	Gross carrying amount RM'000	Allowance for impairment loss RM'000	Net carrying amount RM'000
2024			
Not past due	1,579	-	1,579
Past due 31 to 60 days	443	-	443
Past due 61 to 180 days	1,245	(41)	1,204
	3,267	(41)	3,226
2023			
Not past due	882	-	882
Past due 31 to 60 days	79	-	79
Past due 61 to 180 days	131	(12)	119
	1,092	(12)	1,080

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

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables	34,646	31,289	34,565	31,268
Deposits	8,304	8,385	8,303	8,365
Prepayments	23,902	20,820	23,657	20,794
	66,852	60,494	66,525	60,427

15. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2024		2023	
Group and Company	Notional value RM'000	Assets/ (Liabilities) RM'000	Notional value RM'000	Assets/ (Liabilities) RM'000
Derivatives used for hedging				
- Cross currency swaps	3,100,666	361,618	3,216,754	226,666
- Cross currency swaps	395,388	(48,929)	451,343	(52,776)

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

NOTES TO THE FINANCIAL STATEMENTS

16. CASH, BANK BALANCES AND DEPOSITS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	82,872	95,993	76,301	93,965
Deposits placed with licensed financial institutions	60,696	295,344	60,628	291,787
	143,568	391,337	136,929	385,752

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash held in trust for customers in relation to AEON Wallet	51,784	49,411	51,692	49,158
Deposits held in trust account with licensed banks	160	136	160	136
	51,944	49,547	51,852	49,294

17. SHARE CAPITAL

Group and Company	Number of shares 2024 '000	Amount 2024 RM'000	Number of shares 2023 '000	Amount 2023 RM'000
Issued and fully paid ordinary shares:				
At 1 March	255,308	584,012	255,308	584,012
Issuance of bonus shares	255,307	-	-	-
At 29/28 February	510,615	584,012	255,308	584,012

On 21 November 2023, the Company completed the bonus issue of 255,307,690 shares on the basis of 1 bonus share for every 1 existing ordinary share held.

18. HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to borrowings denominated in foreign currencies.

19. FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at FVTOCI until the investments are derecognised or impaired.

20. RETAINED EARNINGS

The Company is currently under the single-tier income tax system in accordance with Finance Act 2007 and accordingly, the entire retained earnings of the Company is available for distribution under the single-tier income tax system.

NOTES TO THE FINANCIAL STATEMENTS

21. PERPETUAL NOTES AND SUKUK

	Group and Company	
	2024	2023
	RM'000	RM'000
Perpetual notes	-	100,000
Perpetual sukuk	-	100,000
	-	200,000

(i) Perpetual notes

On 10 December 2018, the Company issued a tranche of unrated subordinated perpetual notes ("perpetual notes") at a nominal value of RM100,000,000 with a tenure of 5 years under the Perpetual Private Debt Securities Programme of up to RM400,000,000 in nominal value which was established on 29 October 2013.

On 8 December 2023, upon obtaining the approval from Bank Negara Malaysia ("BNM"), the Company redeemed the existing perpetual notes of RM100,000,000.

(ii) Perpetual sukuk

On 10 December 2018, the Company issued a tranche of unrated subordinated Islamic Perpetual Sukuk ("perpetual sukuk") at a nominal value of RM100,000,000 with a tenure of 5 years, based on the Shariah principles of Musharakah and Musawamah of up to RM400,000,000 in nominal value under the Perpetual Sukuk Programme which was established on 6 November 2013.

On 8 December 2023, upon obtaining the approval from BNM, the Company redeemed the existing perpetual sukuk of RM100,000,000.

The salient features of the perpetual notes and sukuk issued were as follows:

- (a) The distribution rate for five (5) years from issuance date is 6.65% (2023: 6.65%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (b) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (c) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (d) The perpetual sukuk are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual sukuk on the date of the fifth anniversary from the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (e) The Company has the option to redeem the perpetual sukuk earlier upon the occurrence of defined accounting event, tax event, privatisation defined event and shareholder event;
- (f) The redemption of the perpetual sukuk by the Company is subject to the prior approval of Bank Negara Malaysia;
- (g) The holders of the perpetual sukuk do not have any voting rights in the Company; and
- (h) The perpetual sukuk rank ahead of the Company's ordinary share capital and rank junior to the claims of all present and future creditors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS

	Note	Group and Company 2024 RM'000	2023 RM'000
Non-current (Unsecured)			
Term loans/financing	(i)	5,354,516	5,479,903
Senior sukuk	(ii)	1,048,673	499,150
Subordinated sukuk	(ii)	199,819	199,722
		6,603,008	6,178,775
Current (Unsecured)			
Term loans/financing	(i)	2,491,538	1,678,194
Revolving credit	(i)	310,000	150,000
		2,801,538	1,828,194
		9,404,546	8,006,969

The currency profile of borrowings is as follows:

	Group and Company 2024 RM'000	2023 RM'000
RM	5,908,492	4,338,872
United States Dollar ("USD")	3,100,666	3,362,171
Japanese Yen ("JPY")	395,388	305,926
	9,404,546	8,006,969

(i) Term loans/financing and revolving credit

The term loans/financing and revolving credit are provided on clean basis.

The long term loans/financing are granted for tenure ranging from two to seven years (2023: two to seven years) and are repayable by way of bullet payment upon expiry of the term loans/financing.

(ii) Senior sukuk/Subordinated sukuk

On 17 December 2019, the Company lodged the Sukuk Wakalah Programme ("sukuk programme") with the Securities Commission Malaysia. The sukuk programme, under the Shariah principles of Wakalah Bi-Al Istithmar and Murabahah (via a Tawarruq arrangement), provides the Company with the flexibility to issue both senior sukuk and/or subordinated sukuk from time to time, subject to the aggregate outstanding nominal amount of the senior sukuk and/or subordinated sukuk not exceeding RM2,000,000,000 at any point in time.

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

(ii) Senior sukuk/Subordinated sukuk (continued)

(a) Senior sukuk

On 10 February 2020, the Company completed the issuance of two (2) tranches of senior sukuk under the sukuk programme with a nominal value of RM300,000,000 and RM200,000,000 with tenures of seven (7) years and eight (8) years, as set out below:

Tranche	Principal RM'000	Maturity date	Profit rate	Profit payment
1	300,000	10 February 2027	3.80% per annum	Payable semi-annually in arrears
2	200,000	10 February 2028	3.85% per annum	Payable semi-annually in arrears

On 4 September 2023 and 1 December 2023, the Company completed the issuance of two (2) tranches of senior sukuk under the sukuk programme with a nominal value of RM250,000,000 and RM300,000,000 respectively with tenure of five (5) years, as set out below:

Tranche	Principal RM'000	Maturity date	Profit rate	Profit payment
1	250,000	4 September 2028	4.43% per annum	Payable semi-annually in arrears
1	300,000	1 December 2028	4.45% per annum	Payable semi-annually in arrears

(b) Subordinated sukuk

On 12 March 2020, the Company completed its first issuance of subordinated sukuk under the sukuk programme with a nominal value of RM200,000,000 with a tenure of ten (10) years, as set out below:

Tranche	Principal RM'000	Maturity date	Profit rate	Profit payment
1	200,000	12 March 2030	3.95% per annum	Payable semi-annually in arrears

As at 29 February 2024, the Group and the Company have banking facilities totalling RM13,605,384,000 (2023: RM12,381,678,000) obtained from licensed banks and financial institutions.

The interest rates are disclosed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranging from 2 to 60 days (2023: 2 to 60 days).

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables	202,563	210,529	202,563	210,523
Accruals	188,002	196,277	186,756	195,547
	390,565	406,806	389,319	406,070

25. REVENUE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income, profit revenue and finance charges	1,695,714	1,446,240	1,695,714	1,446,240
Fee income	203,516	184,943	203,516	184,943
Brokerage fee	13,261	9,062	-	-
	216,777	194,005	203,516	184,943
	1,912,491	1,640,245	1,899,230	1,631,183

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Recognised at point in time	191,385	143,050	178,124	133,988
Recognised over time	25,392	50,955	25,392	50,955
	216,777	194,005	203,516	184,943

Except for fee income from extended warranty program and credit card annual fees, revenue from contracts with customers of the Group and of the Company are recognised at the point in time as and when the services are rendered.

26. STAFF COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, wages, bonuses and allowances	206,165	184,254	202,583	181,835
Defined contribution plan	29,423	26,919	28,883	26,554
Other staff benefits	10,494	8,180	10,329	8,045
	246,082	219,353	241,795	216,434

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCE COSTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest/profit expense on:				
Islamic commercial paper	2,683	417	2,683	417
Term loans/financing	300,666	283,790	300,666	283,790
Senior sukuk and subordinated sukuk	36,178	27,364	36,178	27,364
Revolving credit	17,399	2,507	17,399	2,507
Bank overdraft	50	-	50	-
	356,976	314,078	356,976	314,078
Interest on lease liabilities (Note 6)	1,567	1,843	1,567	1,842
	358,543	315,921	358,543	315,920

28. PROFIT BEFORE TAX

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
Audit fees				
- auditors of the Group				
- statutory audit	420	349	386	320
- assurance and compliance-related service	132	126	132	126
Non-audit fees				
- auditors of the Group	46	43	46	43
- member firm of auditors	22	-	-	-
Directors' remuneration	4,702	4,449	3,859	3,643
(Reversal)/Allowance for impairment loss				
on financing receivables	(90,528)	30,887	(90,528)	30,887
Write-off on financing receivables (Note 12)	660,440	416,945	660,440	416,945
Allowance for impairment loss on				
trade receivables	29	12	-	-
And after crediting:				
Bad debts recovered	183,470	181,665	183,470	181,665
Gain on disposal of plant and equipment	41	27	15	27
Dividend income	4	9	637	9
Interest/profit income from deposits with				
licensed financial institutions	9,147	8,496	9,002	8,441

NOTES TO THE FINANCIAL STATEMENTS

28. PROFIT BEFORE TAX (CONTINUED)

Compensation of Key Management Personnel

The remuneration of the Directors during the year are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors' remuneration:				
Fees	1,650	1,528	1,538	1,432
Remuneration	2,853	2,745	2,122	2,035
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	199	176	199	176
	4,702	4,449	3,859	3,643

29. TAXATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax payable:				
Current year	123,590	135,496	122,189	135,033
Under/(Over) provision in prior years	110	(7,994)	108	(7,994)
	123,700	127,502	122,297	127,039
Deferred tax (Note 11):				
Current year	18,985	506	19,052	33
(Over)/Under provision in prior years	(1,529)	1,283	(1,545)	1,284
	17,456	1,789	17,507	1,317
Total tax expenses	141,156	129,291	139,804	128,356

NOTES TO THE FINANCIAL STATEMENTS

29. TAXATION (CONTINUED)

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Group and of Company is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	565,174	546,976	576,939	543,081
Tax calculated using Malaysian income tax rate of 24% (2023: 24%)	135,642	131,275	138,465	130,340
Tax effect of :				
- non-deductible expenses	2,955	4,727	2,776	4,726
- share of results in an associate	3,978	-	-	-
	142,575	136,002	141,241	135,066
Under/(Over) provision in prior years				
- income tax	110	(7,994)	108	(7,994)
- deferred tax	(1,529)	1,283	(1,545)	1,284
	141,156	129,291	139,804	128,356
Deferred tax recognised directly in other comprehensive income				
Hedging reserve	(12,060)	(12,300)	(12,060)	(12,300)

30. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per share is calculated by dividing the net profit after distribution on perpetual notes and sukuk, by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit attributable to equity holders	424,018	417,685	437,135	414,725
Distribution to the holders of perpetual notes and sukuk, net of tax	(9,997)	(10,163)	(9,997)	(10,163)
Profit attributable to ordinary equity holders	414,021	407,522	427,138	404,562
Weighted average number of ordinary shares ('000 unit)	510,615	510,615*	510,615	510,615*
Basic earnings per share (sen)	81.08	79.81	83.65	79.23

* The weighted average number of ordinary shares in issue as at 28 February 2023 have been adjusted retrospectively to reflect the Bonus Issue of 1 for 1 which was completed on 21 November 2023 as disclosed in Note 17.

Diluted earnings per ordinary share

Diluted earnings per share is equivalent to the basic earnings per share as there are no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES

Amount owing to immediate holding company, which arose mainly from corporate support fees and payments made on behalf of the Company, is unsecured, interest-free and repayable on demand.

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

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

Amount owing by an associate, which arose mainly from payments on behalf, are unsecured, interest-free and repayable on demand.

Identity of related parties

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

Related parties also include key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Amount owing by related companies	14,030	11,182	14,030	11,182
Amount owing by an associate	447	-	447	-
Amount owing to immediate holding company	(6,227)	(10,355)	(6,227)	(10,355)
Amount owing to related companies	(7,523)	(5,091)	(7,523)	(5,091)
Amount owing to a subsidiary company	-	-	(1,156)	(1,057)
	727	(4,264)	(429)	(5,321)

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

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (CONTINUED)

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Related companies				
AEON CO. (M) BHD.				
Trade				
Customers' transactions via related company				
Sales through easy payment schemes	3,496	3,742	3,496	3,742
Sales through AEON credit cards	1,348,238	1,079,644	1,348,238	1,079,644
Sales through E-Money	109,833	100,476	109,833	100,476
Revenue				
Credit cards commission income	8,884	7,394	8,884	7,394
E-Money commission income and processing fees	3,676	3,629	3,676	3,629
Non-Trade Expenses				
Office and promotion space rental	(8,334)	(13,712)	(8,334)	(13,712)
AEON Big (M) Sdn. Bhd.				
Trade				
Customers' transactions via related company				
Sales through easy payment schemes	2,029	1,176	2,029	1,176
Sales through AEON credit cards	364,787	522,766	364,787	522,766
Sales through E-Money	13,820	13,872	13,820	13,872
Revenue				
Credit cards commission income	2,412	3,675	2,412	3,675
E-Money commission income and processing fees	698	776	698	776
Non-Trade Expenses				
Office and promotion space rental	(5,118)	(6,035)	(5,118)	(6,035)

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
AEON Delight (Malaysia) Sdn. Bhd.				
Trade				
Provision of financing				
Instalment scheme for purchase of equipment	1,140	-	1,140	-
Revenue				
Interest income/profit revenue from easy payment scheme	103	113	103	113
Non-Trade Expenses				
Cleaning services	(715)	(693)	(715)	(693)
Advertisement space rental	(2,081)	(1,329)	(2,081)	(1,329)
AEON Fantasy (Malaysia) Sdn. Bhd.				
Trade				
Customers' transactions via related company				
Sales through AEON credit cards and E-Money	20,080	12,320	20,080	12,320
Provision of financing				
Instalment scheme for purchase of equipment	-	225	-	225
Revenue				
Credit cards commission income	113	68	113	68
Interest income/profit revenue from easy payment scheme	15	66	15	66
Associate				
AEON Bank (M) Berhad				
(Formerly known as ACS Digital Berhad)				
Non-Trade				
Other income				
Support service fee	103	256	103	256
Interest on payment made on behalf	-	94	-	94
Business process outsourcing fee	122	-	122	-
Immediate holding company				
AEON Financial Service Co., Ltd.				
Non-Trade				
Expenses				
Corporate support fees	(7,215)	(13,763)	(7,215)	(13,763)
IT systems development cost	(1,474)	(2,288)	(1,474)	(2,288)

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2024	2023
	RM'000	RM'000
Subsidiary company		
AEON Insurance Brokers (M) Sdn. Bhd.		
Non-Trade		
Other income		
Management fee	279	281
Insurance commission income	2,437	1,710
Dividend income	633	-
Expenses		
Administrative service fee	(167)	(188)

Key management personnel

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Directors' fees	1,650	1,528	1,538	1,432
Salaries, allowances and bonuses	5,676	5,365	5,046	4,753
Defined contribution plan	559	662	458	564
Other short-term employee benefits	348	194	348	194
	8,233	7,749	7,390	6,943

The above includes Directors' remuneration as disclosed in Note 28.

32. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Net dividend per ordinary share sen	Total amount RM'000	Date of payment
2024			
Interim single-tier for 2024	28.50	72,763	2 November 2023
Final single-tier for 2023	21.00	53,614	20 July 2023
		126,377	
2023			
Interim single-tier for 2023	28.50	72,763	3 November 2022
Final single-tier for 2022	15.00	38,296	21 July 2022
Special single-tier for 2022	5.00	12,766	21 July 2022
		123,825	

NOTES TO THE FINANCIAL STATEMENTS

32. DIVIDENDS (CONTINUED)

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

	Net dividend per ordinary share sen	Total amount RM'000
Final single-tier for 2024	14.00	71,486

The proposed final single-tier dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the final single-tier dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 28 February 2025.

33. OPERATING SEGMENTS

The principal activity of the Company is the provision of easy payment schemes, personal financing schemes based on Islamic principles and payment cards business, all of which are categorised under consumer financing business. The contribution from the subsidiary company which is principally engaged in business operations as an insurance broker remains insignificant to the Group.

On this basis, the Managing Director ("MD") reviews the business performance of the Group as a whole.

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

34. CAPITAL COMMITMENT

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for	33,610	22,708	33,449	22,708

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group and of the Company's business whilst managing their risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors and the Group's and the Company's policies are not to engage in speculative transactions or activities.

Material Accounting Policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categories of Financial Instruments

Group	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
2024				
Financial assets				
Other investments	13,873	-	13,873	-
Financing receivables	11,535,657	11,535,657	-	-
Trade receivables	3,226	3,226	-	-
Other receivables and deposits	42,950	42,950	-	-
Amount owing by related companies	14,030	14,030	-	-
Amount owing by an associate	447	447	-	-
Derivative financial assets	361,618	-	-	361,618
Cash, bank balances and deposits	143,568	143,568	-	-
	12,115,369	11,739,878	13,873	361,618
		Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
Financial liabilities				
Borrowings		9,404,546	9,404,546	-
Trade payables		41,644	41,644	-
Other payables and accruals		390,565	390,565	-
Amount owing to immediate holding company		6,227	6,227	-
Amount owing to related companies		7,523	7,523	-
Derivative financial liabilities		48,929	-	48,929
Lease liabilities		50,024	50,024	-
		9,949,458	9,900,529	48,929

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categories of Financial Instruments (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categories of Financial Instruments (continued)

Company	Carrying amount RM'000	Amortised cost RM'000	FVTOCI RM'000	FVTPL derivatives used for hedging RM'000
2024				
Financial assets				
Other investments	13,873	-	13,873	-
Financing receivables	11,535,657	11,535,657	-	-
Other receivables and deposits	42,868	42,868	-	-
Amount owing by related companies	14,030	14,030	-	-
Amount owing by an associate	447	447	-	-
Derivative financial assets	361,618	-	-	361,618
Cash, bank balances and deposits	136,929	136,929	-	-
	12,105,422	11,729,931	13,873	361,618
		Carrying amount RM'000	Amortised cost RM'000	FVTPL derivatives used for hedging RM'000
Financial liabilities				
Borrowings		9,404,546	9,404,546	-
Trade payables		40,038	40,038	-
Other payables and accruals		389,319	389,319	-
Amount owing to immediate holding company		6,227	6,227	-
Amount owing to related companies		7,523	7,523	-
Amount owing to a subsidiary company		1,156	1,156	-
Derivative financial liabilities		48,929	-	48,929
Lease liabilities		50,024	50,024	-
		9,947,762	9,898,833	48,929

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categories of Financial Instruments (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main risks and corresponding management policies arising from the Group's and the Company's normal course of business are as follows:

(i) Financial risk management objectives and policies

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

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

- Identify and monitor the various risk exposure and risk requirements;
- Ensure high risk activities are in accordance with the approved policies and the aggregate risk position is within the risk level approved by the Board; and
- Help to create shareholders value through proper allocation and management of risk, and facilitate the risk assessment of new business and products independently.

(ii) Risk management framework

The Group and the Company employ an Enterprise-wide Risk Management Framework ("ERMF") to manage its risks effectively. The framework involves on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Group and the Company through the RMC and subsequently to BRC and Board. This framework provides the Board and management with a tool to anticipate and manage both existing and potential risks, taking into consideration the dynamic risk profiles, as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

(iii) Risk organisation and reporting

The responsibility of risk management lies with the Board. In line with best practices, the Board determines the risk policy objectives for the Group and the Company, and assumes responsibility for the supervision of risk management. To this end, the Board is assisted by BRC to provide primary oversight responsibilities on the Group's and the Company's risk management.

The day-to-day responsibility for risk management and control is delegated to the RMC which undertakes the oversight function for overall risk limit and ensures that the Group and the Company are within the risk appetite as established by the Board. The RMC also deliberates the implementation of the ERMF which addresses credit, market, operational and strategic risks within the policies established by the respective business units and recommending policy changes to BRC for review, and subsequently to the Board for approval.

Risk exposures, impact and mitigation measures which cover all areas of risk faced by the Group and the Company are reviewed and updated regularly to BRC and the Board to ensure relevance and compliance with current and applicable laws and regulations.

The Group and the Company have exposure to the following significant risks in the course of undertaking its ordinary business activities:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(a) Credit risk

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

The Group's and the Company's exposures to credit risk arises principally from its financing receivables, trade receivables, cash, bank balances and deposits, other receivables and amount owing by related companies and an associate.

Receivables

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

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

The Group and the Company conduct regular monitoring on credit exposure trend and portfolio concentration analysis. Asset quality is closely monitored so that deteriorating exposure is promptly identified, analysed and reviewed with relevant business units.

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

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

The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with hire purchase financing receivables is mitigated because they are secured over the vehicles, equipment and machineries of customers. The carrying amount of hire purchase financing receivables amounted to RM6,872,908,000 (2023: RM6,198,590,000). There has not been any significant change in the quality of the collateral held for hire purchase financing. The Group and the Company recognise a loss allowance for these hire purchase financing receivables based on the ECL model of the Group and of the Company.

(iii) Credit risk reporting and monitoring

The Group's and the Company's credit portfolios are monitored through monthly and/or adhoc reporting to ensure credit deterioration is promptly detected and mitigated through implementation of risk remediation strategies. Credit Planning Department undertakes regular and comprehensive analysis of credit portfolios and reports to the management during the monthly Credit Analysis Meeting on emerging credit issues.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(a) Credit risk (continued)

Receivables (continued)

(iv) Credit risk mitigation

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

(v) Concentration risk

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

Credit quality and allowance for impairment losses

The ageing of financing receivables for the Group and the Company as at the end of the financial year is shown below:

Staging	Credit quality by days past due	Basis for recognition of ECL provision	Gross receivables RM'000	Allowance for impairment losses RM'000	Net receivables RM'000
2024					
Stage 1	0 to 30	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	11,048,817	(254,282)	10,794,535
Stage 2	31 to 60	Lifetime expected losses	458,766	(112,157)	346,609
	61 to 90		151,732	(66,797)	84,935
			610,498	(178,954)	431,544
Stage 3	More than 90 and restructured	Lifetime expected losses	572,998	(263,420)	309,578
			12,232,313	(696,656)	11,535,657

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(a) Credit risk (continued)

Credit quality and allowance for impairment losses (continued)

Staging	Credit quality by days past due	Basis for recognition of ECL provision	Gross receivables RM'000	Allowance for impairment losses RM'000	Net receivables RM'000
2023					
Stage 1	0 to 30	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	9,798,621	(304,669)	9,493,952
Stage 2	31 to 60	Lifetime expected losses	387,135	(127,047)	260,088
	61 to 90		155,078	(88,989)	66,089
			542,213	(216,036)	326,177
Stage 3	More than 90 and restructured	Lifetime expected losses	494,963	(266,479)	228,484
			10,835,797	(787,184)	10,048,613

Renegotiated/restructured activities include extended payment arrangements, and the modification and deferral of payments. The Group and the Company have recognised allowance for impairment loss of RM104,072,000 (2023: RM111,674,000) for these renegotiated/restructured financing receivables. The status of net renegotiated/restructured receivables are as follows:

	Group and Company	
	2024	2023
	RM'000	RM'000
Past due 0 to 30 days	185,439	136,172
Past due 31 to 60 days	2,325	3,382
Past due 61 to 90 days	620	1,742
Past due more than 90 days	1,138	2,217
	189,522	143,513

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(a) Credit risk (continued)

Cash, bank balances and deposits

The cash, bank balances and deposits are placed only with reputable licensed banks and financial institutions and have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the risk of loss for this category of financial instrument is low, and no loss allowance is provided.

Other receivables

Credit risks on other receivables are mainly arising from sundry receivables. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. At the end of the reporting period, the Group and the Company do not consider it necessary to recognise any allowance for impairment losses.

Amount owing by related companies and an associate

The Group and the Company provide unsecured advances to related companies and an associate. The Group and the Company monitor the ability of the related companies and associate to repay the advances on an individual basis. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Generally, the Group and the Company consider balances with related companies and associate as having low credit risk. At the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

(b) Liquidity risk

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

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

The Treasury unit reviews the asset and liability maturity profile and identifies any maturity mismatch for escalation to the RMC which is responsible for the independent monitoring of the Group's and of the Company's liquidity risk profile. The RMC meets every month to discuss the liquidity risk and funding profile of the Group and of the Company and works closely with the Treasury unit on the surveillance of market conditions and stress testing analysis on liquidity positions. The Group maintains sufficient credit lines to ensure that all current obligations are able to be met. As at 29 February 2024, the Group and the Company have unutilised lines of credit amounting to RM4,200,838,000 (2023: RM4,561,000,000) obtained from licensed banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and of the Company's non-derivative financial assets and non-derivative financial liabilities as at the end of the reporting period based on remaining contractual maturity.

Group	Average contractual profit/interest/coupon rate %	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000	Total RM'000
2024							
Financial assets							
Other investments	-	-	-	-	-	13,873	13,873
Financing receivables	16.62	3,504,430	2,401,149	4,348,608	1,281,470	-	11,535,657
Trade receivables	-	3,226	-	-	-	-	3,226
Other receivables and deposits	-	42,950	-	-	-	-	42,950
Amount owing by related companies	-	14,030	-	-	-	-	14,030
Amount owing by an associate	-	447	-	-	-	-	447
Cash and bank balances	-	82,872	-	-	-	-	82,872
Deposits placed with licensed financial institutions	2.91	60,696	-	-	-	-	60,696
Total assets		3,708,651	2,401,149	4,348,608	1,281,470	13,873	11,753,751
Financial liabilities							
Unsecured term loans/financing/revolving credit	4.28	2,801,538	1,472,904	3,881,612	-	-	8,156,054
Senior sukuk/Subordinated sukuk	4.10	-	199,819	1,048,673	-	-	1,248,492
Trade payables	-	41,644	-	-	-	-	41,644
Other payables and accruals	-	390,565	-	-	-	-	390,565
Amount owing to immediate holding company	-	6,227	-	-	-	-	6,227
Amount owing to related companies	-	7,523	-	-	-	-	7,523
Lease liabilities	3.73	21,850	11,845	16,329	-	-	50,024
Total liabilities		3,269,347	1,684,568	4,946,614	-	-	9,900,529
Net liquidity gap		439,304	716,581	(598,006)	1,281,470	13,873	1,853,222

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

Group	Average contractual profit/interest/coupon rate %	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000	Total RM'000
2023							
Financial assets							
Other investments	-	-	-	-	-	26,621	26,621
Financing receivables	16.74	3,151,617	2,169,594	3,732,630	994,772	-	10,048,613
Trade receivables	-	1,080	-	-	-	-	1,080
Other receivables and deposits	-	39,674	-	-	-	-	39,674
Amount owing by related companies	-	11,182	-	-	-	-	11,182
Cash and bank balances	-	95,993	-	-	-	-	95,993
Deposits placed with licensed financial institutions	2.83	295,344	-	-	-	-	295,344
Total assets		3,594,890	2,169,594	3,732,630	994,772	26,621	10,518,507
Financial liabilities							
Unsecured term loans/financing/revolving credit	4.22	1,828,194	1,702,031	3,577,872	200,000	-	7,308,097
Senior sukuk/Subordinated sukuk	3.87	-	-	499,150	199,722	-	698,872
Trade payables	-	32,510	-	-	-	-	32,510
Other payables and accruals	-	406,806	-	-	-	-	406,806
Amount owing to immediate holding company	-	10,355	-	-	-	-	10,355
Amount owing to related companies	-	5,091	-	-	-	-	5,091
Lease liabilities	3.77	17,704	12,075	8,065	249	-	38,093
Total liabilities		2,300,660	1,714,106	4,085,087	399,971	-	8,499,824
Net liquidity gap		1,294,230	455,488	(352,457)	594,801	26,621	2,018,683

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

Company	Average contractual profit/interest/coupon rate %	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000	Total RM'000
2024							
Financial assets							
Other investments	-	-	-	-	-	13,873	13,873
Financing receivables	16.62	3,504,430	2,401,149	4,348,608	1,281,470	-	11,535,657
Other receivables and deposits	-	42,868	-	-	-	-	42,868
Amount owing by related companies	-	14,030	-	-	-	-	14,030
Amount owing by an associate	-	447	-	-	-	-	447
Cash and bank balances	-	76,301	-	-	-	-	76,301
Deposits placed with licensed financial institutions	2.89	60,628	-	-	-	-	60,628
Total assets		3,698,704	2,401,149	4,348,608	1,281,470	13,873	11,743,804
Financial liabilities							
Unsecured term loans/financing/revolving credit	4.28	2,801,538	1,472,904	3,881,612	-	-	8,156,054
Senior sukuk/Subordinated sukuk	4.10	-	199,819	1,048,673	-	-	1,248,492
Trade payables	-	40,038	-	-	-	-	40,038
Other payables and accruals	-	389,319	-	-	-	-	389,319
Amount owing to immediate holding company	-	6,227	-	-	-	-	6,227
Amount owing to related companies	-	7,523	-	-	-	-	7,523
Amount owing to a subsidiary company	-	1,156	-	-	-	-	1,156
Lease liabilities	3.73	21,850	11,845	16,329	-	-	50,024
Total liabilities		3,267,651	1,684,568	4,946,614	-	-	9,898,833
Net liquidity gap		431,053	716,581	(598,006)	1,281,470	13,873	1,844,971

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

Company	Average contractual profit/interest/coupon rate %	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000	Total RM'000
2023							
Financial assets							
Other investments	-	-	-	-	-	26,621	26,621
Financing receivables	16.74	3,151,617	2,169,594	3,732,630	994,772	-	10,048,613
Other receivables and deposits	-	39,633	-	-	-	-	39,633
Amount owing by related companies	-	11,182	-	-	-	-	11,182
Cash and bank balances	-	93,965	-	-	-	-	93,965
Deposits placed with licensed financial institutions	2.65	291,787	-	-	-	-	291,787
Total assets		3,588,184	2,169,594	3,732,630	994,772	26,621	10,511,801
Financial liabilities							
Unsecured term loans/financing/revolving credit	4.22	1,828,194	1,702,031	3,577,872	200,000	-	7,308,097
Senior sukuk/Subordinated sukuk	3.87	-	-	499,150	199,722	-	698,872
Trade payables	-	30,960	-	-	-	-	30,960
Other payables and accruals	-	406,070	-	-	-	-	406,070
Amount owing to immediate holding company	-	10,355	-	-	-	-	10,355
Amount owing to related companies	-	5,091	-	-	-	-	5,091
Amount owing to a subsidiary company	-	1,057	-	-	-	-	1,057
Lease liabilities	3.77	17,704	12,075	8,065	249	-	38,093
Total liabilities		2,299,431	1,714,106	4,085,087	399,971	-	8,498,595
Net liquidity gap		1,288,753	455,488	(352,457)	594,801	26,621	2,013,206

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

The table below summarises the maturity profile of the Group and the Company's non-derivative financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000
2024							
Financial liabilities							
Unsecured term loans/ financing/ revolving credit	8,156,054	8,500,126	2,988,016	1,547,017	3,965,093	-	-
Senior sukuk/ Subordinated sukuk	1,248,492	1,434,044	51,363	243,548	1,139,133	-	-
Trade payables	41,644	41,644	41,644	-	-	-	-
Other payables and accruals	390,565	390,565	390,565	-	-	-	-
Amount owing to immediate holding company	6,227	6,227	6,227	-	-	-	-
Amount owing to related companies	7,523	7,523	7,523	-	-	-	-
Lease liabilities	50,024	53,261	23,421	12,762	17,078	-	-
	9,900,529	10,433,390	3,508,759	1,803,327	5,121,304	-	-
2023							
Financial liabilities							
Unsecured term loans /financing/ revolving credit	7,308,097	7,806,036	2,046,551	1,844,630	3,712,726	202,129	-
Senior sukuk/ Subordinated sukuk	698,872	838,813	27,074	27,000	568,680	216,059	-
Trade payables	32,510	32,510	32,510	-	-	-	-
Other payables and accruals	406,806	406,806	406,806	-	-	-	-
Amount owing to immediate holding company	10,355	10,355	10,355	-	-	-	-
Amount owing to related companies	5,091	5,091	5,091	-	-	-	-
Lease liabilities	38,093	44,609	20,551	12,812	10,895	351	-
	8,499,824	9,144,220	2,548,938	1,884,442	4,292,301	418,539	-

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(b) Liquidity risk (continued)

Company	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 5 years RM'000	More than 5 years RM'000	No specific maturity RM'000
2024							
Financial liabilities							
Unsecured term loans/financing/revolving credit	8,156,054	8,500,126	2,988,016	1,547,017	3,965,093	-	-
Senior sukuk/Subordinated sukuk	1,248,492	1,434,044	51,363	243,548	1,139,133	-	-
Trade payables	40,038	40,038	40,038	-	-	-	-
Other payables and accruals	389,319	389,319	389,319	-	-	-	-
Amount owing to immediate holding company	6,227	6,227	6,227	-	-	-	-
Amount owing to related companies	7,523	7,523	7,523	-	-	-	-
Amount owing to a subsidiary company	1,156	1,156	1,156	-	-	-	-
Lease liabilities	50,024	53,261	23,421	12,762	17,078	-	-
	9,898,833	10,431,694	3,507,063	1,803,327	5,121,304	-	-
2023							
Financial liabilities							
Unsecured term loans/financing/revolving credit	7,308,097	7,806,036	2,046,551	1,844,630	3,712,726	202,129	-
Senior sukuk/Subordinated sukuk	698,872	838,813	27,074	27,000	568,680	216,059	-
Trade payables	30,960	30,960	30,960	-	-	-	-
Other payables and accruals	406,070	406,070	406,070	-	-	-	-
Amount owing to immediate holding company	10,355	10,355	10,355	-	-	-	-
Amount owing to related companies	5,091	5,091	5,091	-	-	-	-
Amount owing to a subsidiary company	1,057	1,057	1,057	-	-	-	-
Lease liabilities	38,093	44,609	20,551	12,812	10,895	351	-
	8,498,595	9,142,991	2,547,709	1,884,442	4,292,301	418,539	-

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(c) Market risk

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

The Group's and the Company's market risk management include the monitoring of the fluctuations in net interest income/profit revenue or investment value due to changes in relevant risk factors. RMC monitors the exposure on monthly basis through reports and analysis with the support of the Treasury unit.

In managing interest income/profit revenue rate, the Group and the Company intend to maximise net interest income/profit revenue; and to minimise the significant volatility in relation to the Group's and the Company's assets and liabilities.

Interest rate risk

The Group's and the Company's fixed rate borrowings and derivatives are exposed to a risk of change in their fair value due to changes in the interest income/profit revenue rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The other financial assets and liabilities are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company borrow for their operations at fixed and variable rates and monitor the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities. The Group and the Company also use cross currency swaps to hedge its interest rate risk on bank borrowings as stated in hedging activities below. The management continuously seeks for alternative banking facilities, which provide competitive interest rates to finance their capital expenditure, financing and working capital requirements.

Exposure to interest risk

The interest rate profile of the Group's and of the Company's significant interest-banking financial instruments, based on carrying amounts as at the end of the reporting period is shown below:

	Group and Company	
	2024	2023
	RM'000	RM'000
Fixed rate instruments		
Financial liabilities	5,908,492	4,338,872
Floating rate instruments		
Financial liabilities	3,496,054	3,668,097

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

Group and Company	Profit or loss			
	2024	2023	2024	2023
	100 bps increase RM'000	100 bps decrease RM'000	100 bps increase RM'000	100 bps decrease RM'000
Floating rate instruments	(34,961)	34,961	(36,681)	36,681

Hedging activities

Cash flow hedge

The Group and the Company have entered into cross currency swaps to hedge the variability of cash flow risk in relation to the foreign currency denominated borrowings of RM3,496,054,000 (2023: RM3,668,097,000). The cross currency swaps have the same notional value of RM3,496,054,000 (2023: RM3,668,097,000) and are to be settled in full upon maturity, on terms matching the hedged items.

The following table indicates the years in which the cash flows associated with the derivative financial assets with carrying amount is RM361,618,000 (2023: RM226,666,000) and derivative financial liabilities of RM48,929,000 (2023: RM52,776,000) that are expected to occur and affect profit or loss.

Group and Company	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 - 7 years RM'000
2024				
Cross currency swaps (gross settled):				
Outflow	(3,499,566)	(750,095)	(1,138,437)	(1,611,034)
Inflow	3,565,298	792,699	1,159,848	1,612,751
	65,732	42,604	21,411	1,717
2023				
Cross currency swaps (gross settled):				
Outflow	(3,842,764)	(802,223)	(731,746)	(2,308,795)
Inflow	3,926,034	846,931	757,629	2,321,474
	83,270	44,708	25,883	12,679

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Risk organisation and reporting (continued)

(c) Market risk (continued)

Currency risk

The Group and the Company are exposed to foreign currency risk mainly on borrowings that are denominated in a currency other than the functional currency of the Group and of the Company. The currency which gives rise to this risk is primarily USD and JPY.

Risk management objectives, policies and processes for managing the risk

The repayment of all borrowings in foreign currencies is fully hedged by cross currency swaps entered into by the Group and the Company upon initial drawdown of the borrowings.

Foreign currency risk management

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts at the end of the reporting period is shown below:

	Group and Company	
	2024	2023
	RM'000	RM'000
Borrowings		
Denominated in:		
- USD	(3,100,666)	(3,362,171)
- JPY	(395,388)	(305,926)
Net exposure	(3,496,054)	(3,668,097)

Currency risk sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Group and Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2024										
Financial assets										
Financing receivables										
- Non-current	-	-	-	-	-	-	7,814,344	7,814,344	7,814,344	8,031,227
Other investments	150	-	13,723	13,873	-	-	-	-	13,873	13,873
Derivatives										
financial assets	-	361,618	-	361,618	-	-	-	-	361,618	361,618
	150	361,618	13,723	375,491	-	-	7,814,344	7,814,344	8,189,835	8,406,718
Financial liabilities										
Term loans/financing										
- Non-current										
(unsecured)	-	-	-	-	-	-	6,751,818	6,751,818	6,751,818	6,603,008
Derivatives										
financial liabilities	-	48,929	-	48,929	-	-	-	-	48,929	48,929
	-	48,929	-	48,929	-	-	6,751,818	6,751,818	6,800,747	6,651,937
2023										
Financial assets										
Financing receivables										
- Non-current	-	-	-	-	-	-	6,544,890	6,544,890	6,544,890	6,896,996
Other investments	238	-	26,383	26,621	-	-	-	-	26,621	26,621
Derivatives										
financial assets	-	226,666	-	226,666	-	-	-	-	226,666	226,666
	238	226,666	26,383	253,287	-	-	6,544,890	6,544,890	6,798,177	7,150,283
Financial liabilities										
Term loans/financing										
- Non-current										
(unsecured)	-	-	-	-	-	-	6,250,404	6,250,404	6,250,404	6,178,775
Derivatives										
financial liabilities	-	52,776	-	52,776	-	-	-	-	52,776	52,776
	-	52,776	-	52,776	-	-	6,250,404	6,250,404	6,303,180	6,231,551

NOTES TO THE FINANCIAL STATEMENTS

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Financing receivables

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

(ii) Term loans/financing

The fair value of term loans/financing with remaining maturity of less than one year are estimated to approximate their carrying amounts. For term loans/financing with remaining maturity of more than one year, the fair values are estimated using discounting technique. The discount rates are based on market rates available to the Group and the Company for similar instruments.

(iii) Derivative financial instruments

The fair value of cross currency swap derivatives is the estimated amount that the Group and the Company would receive or pay to terminate the contracts at the end of reporting period and is determined based on discounted future cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period), forward exchange rates (from observable forward exchange rates at the end of reporting period), contract interest rates and contract forward rates, discounted at a rate that reflects the credit risk of counterparties.

(iv) Other investments

The fair value of other investments are based on the expected cash flows discounted as at reporting date. The discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The key inputs are discount rate, terminal growth rate and discount for lack of control, as described in this Note.

(v) Other financial instruments

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

The fair value hierarchies used to classify financial instruments not measured at fair value in the statements of financial position, but for which fair value is disclosed, are as follows:

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

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group and Company	
	2024	2023
	RM'000	RM'000
At 1 March	26,383	25,297
Changes in fair value recognised in other comprehensive income	(12,660)	1,086
At 29/28 February	13,723	26,383

NOTES TO THE FINANCIAL STATEMENTS

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's and of the Company's financial assets that are measured at fair value on a recurring basis.

The Group's and the Company's investments are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial asset is determined (in particular, the valuation technique and inputs used).

Financial assets	Fair value 2024 RM'000	Fair value 2023 RM'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Other investments	13,723	26,383	Level 3	<u>Technique:</u> Discounted cash flows <u>Key inputs:</u> - Discount rate - Terminal growth rate - Discount for lack of control	Discount rate: 10.50% - 11.50% (2023: 10.53% - 14.00%) Terminal growth rate: 3.65% - 6.43% (2023: 3.08% - 5.92%) Discount for lack of control: 60.00% - 70.00% (2023: 60.00% - 70.00%)	A slight increase in the discount rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the terminal year growth rate used would result in a significant increase in fair value, and vice versa. A slight increase in the discount for lack of control used would result in a significant decrease in fair value, and vice versa.

37. CAPITAL MANAGEMENT

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

During the financial year, the Group and the Company have complied with debt-to-equity ratio requirement of less than 5.25:1. The debt-to-equity ratio in year 2024 and 2023 are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total borrowings	9,404,546	8,006,969	9,404,546	8,006,969
Less: Cash, bank balances and deposits	(143,568)	(391,337)	(136,929)	(385,752)
Net debt	9,260,978	7,615,632	9,267,617	7,621,217
Total equity	2,637,631	2,524,830	2,645,083	2,519,165
Debt-to-equity ratio	3.51	3.02	3.50	3.03

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

The Directors of **AEON CREDIT SERVICE (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 29 February 2024 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 9 May 2024.

NG ENG KIAT

DAISUKE MAEDA

Kuala Lumpur
9 May 2024

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **LEE SIEW TEE**, being the officer primarily responsible for the financial management of **AEON CREDIT SERVICE (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE SIEW TEE

MIA Membership No: 22869

Subscribed and solemnly declared by the abovenamed **LEE SIEW TEE** at **KUALA LUMPUR** on this 9th day of May, 2024.

Before me,

SIM LIEW FONG

No. W865

COMMISSIONER FOR OATHS

Kuala Lumpur

A hand is pointing at a glowing point on a line graph. The graph features several upward-pointing arrows of varying heights, a target icon, a rocket icon, and a handshake icon. The background is a dark blue gradient with a blurred image of a hand pointing at a screen.

2024

OTHER INFORMATION

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- 212** GRI Content Index
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Proxy Form

ANALYSIS OF SHAREHOLDINGS

STATISTICS ON SHAREHOLDINGS AS AT 30 APRIL 2024

Paid-up share capital	: RM584,011,570
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share
Number of shareholders	: 9,447

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	769	8.14	9,047	0.00
100 - 1,000	2,851	30.18	1,678,795	0.33
1,001 - 10,000	4,432	46.91	16,883,710	3.31
10,001 - 100,000	1,182	12.51	33,266,340	6.51
100,001 - to less than 5% of issued shares	212	2.25	144,742,984	28.35
5% and above of issued shares	1	0.01	314,034,504	61.50
Total	9,447	100.00	510,615,380	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	AEON FINANCIAL SERVICE CO., LTD.	314,034,504	61.50	-	-
2.	AEON CO., LTD.	-	-	323,322,504*	63.32

Note

* Deemed interested in the shares held by AEON FINANCIAL SERVICE CO., LTD. and AEON CO. (M) BHD. by virtue of Section 8 of the Companies Act 2016.

DIRECTORS' DIRECT INTEREST AND DEEMED INTEREST BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Shares	No. of Shares Held	% of Shares
1.	Ng Eng Kiat	42,642	0.01	-	-
2.	Daisuke Maeda	-	-	-	-
3.	S Sunthara Moorthy A/L S Subramaniam	-	-	-	-
4.	Datuk Adinan bin Maning	-	-	-	-
5.	Datin Yasmin Ahmad Merican	40,000	0.01	-	-
6.	Rashidah binti Abu Bakar	-	-	-	-
7.	Chin Pik Yuen	-	-	-	-
8.	Mitsugu Tamai	-	-	-	-
9.	Lee Tyan Jen	84,514	0.02	-	-

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 30 APRIL 2024

No.	Name	No. of Shares	% of Shares
1.	AEON FINANCIAL SERVICE CO., LTD.	314,034,504	61.50
2.	AEON CO. (M) BHD.	9,288,000	1.82
3.	EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	9,055,638	1.77
4.	PAMB FOR PRULINK EQUITY FUND	7,515,800	1.47
5.	BNPP LDN/2S FOR ABERDEEN STANDARD ASIA FOCUS PLC	7,410,292	1.45
6.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	6,128,148	1.20
7.	EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	5,990,308	1.17
8.	PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	4,895,200	0.96
9.	EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	4,816,200	0.94
10.	HSBC (M) TRUSTEE BHD FOR AHAM SELECT OPPORTUNITY FUND	3,776,400	0.74
11.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)	3,088,200	0.61
12.	HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	2,482,600	0.49
13.	HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,886,400	0.37
14.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM ABSR EQ)	1,852,400	0.36
15.	DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	1,850,000	0.36
16.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	1,826,200	0.36
17.	MOTOYA OKADA	1,728,000	0.34
18.	EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	1,695,360	0.33
19.	CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	1,678,256	0.33
20.	HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)	1,640,000	0.32
21.	LEONG LI NAR	1,600,774	0.31
22.	HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND	1,457,600	0.29
23.	GLOBAL SUCCESS NETWORK SDN BHD	1,450,000	0.28
24.	HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	1,371,600	0.27
25.	UBS AG	1,334,682	0.26
26.	EXEMPT AN FOR MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	1,331,000	0.26
27.	MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)	1,254,400	0.25
28.	NG KIM MING	1,249,460	0.25
29.	LEONG SOO KENG	1,234,758	0.24
30.	MAYBANK SECURITIES PTE LTD FOR KEGANI PACIFIC LTCFUND L.P.	1,201,662	0.24
TOTAL		406,123,842	79.54

GRI CONTENT INDEX

AEON Credit Service (M) Berhad has reported the information cited in this GRI Content Index for the period 1 March 2023 – 29 February 2024 with reference to GRI standards.

GRI Standard	Section	Information Location
GRI 2 General Disclosures 2021		
1. The Organisation and its reporting practices		
2-1 Organisational details	(a) Corporate Information (b) About AEON Credit Service (M) Berhad	(a) Integrated Annual Report ("IAR") page 5 (b) IAR page 6 - 7
2-2 Entities included in sustainability reporting	(a) Introduction	(a) Sustainability Statement ("SS") page 53
2-3 Reporting period, frequency and contact point	(a) Introduction	(a) SS page 53
2-4 Restatements of information	No restatement of information reported from previous reporting period	
2-5 External assurance	(a) Validation of Sustainability Statement by SIRIM QAS International Sdn Bhd (b) Validation of Company's Selected Sustainability Information by KPMG PLT	(a) IAR page 97 - 98 (b) IAR page 99 - 101
2. Activities and workers		
2-6 Activities, value chain and other business relationships	(a) About AEON Credit Service (M) Berhad (b) Our Presence	(a) IAR page 6 - 7 (b) IAR page 12
2-7 Employees	(a) Workforce Diversity	(a) SS page 80 - 81
3. Governance		
2-9 Governance structure and composition	(a) Board Responsibilities and Senior Leadership Oversight (b) Board Size and Composition, Board Balance and Diversity (c) Board Committees (d) Board of Directors' Profiles (e) Sustainability Governance	(a) Corporate Governance Overview Statement ("CGOS") page 103 - 104 (b) CGOS page 106 (c) CGOS page 107 (d) IAR page 44 - 48 (e) SS page 55 - 56
2-10 Nomination and selection of the highest governance body	(a) Board Size and Composition	(a) CGOS page 106
2-11 Chair of the highest governance body	(a) Separation of Roles of Non-Executive Chairman and Managing Director	(a) CGOS page 104
2-12 Role of the highest governance body in overseeing the management of impacts	(a) Board Responsibilities And Senior Leadership Oversight (b) Sustainability Governance	(a) CGOS page 103 - 104 (b) SS page 55 - 56
2-13 Delegation of responsibility for managing impacts	(a) Board Committees (b) Board Risk Committee (c) Sustainability Governance	(a) CGOS page 107 (b) CGOS page 115 - 116 (c) SS page 55 - 56
2-14 Role of highest governance body in sustainability reporting	(a) Board Risk Committee (b) Summary of BRC Activities During The FYE2024	(a) CGOS page 115 - 116 (b) Board Risk Committee ("BRC") Report page 124
2-15 Conflicts of interest	(a) Board Responsibilities And Senior Leadership Oversight (b) Key activities of the NC, RC and NRC (c) Related Party Transactions ("RPT") and Conflict of Interest ("COI")	(a) CGOS page 103 - 104 (b) CGOS page 109 (c) Audit Committee ("AC") Report page 120 - 121

GRI CONTENT INDEX

GRI Standard	Section	Information Location
2-16 Communication of critical concern	(a) Stakeholder Engagement (b) Whistleblowing (c) Whistle-Blowing Policy and Procedure	(a) SS page 56 - 59 (b) SS page 69 (c) CGOS page 112 - 113
2-17 Collective knowledge of the highest governance body	(a) Directors' Training	(a) CGOS page 109 - 111
2-18 Evaluation of the performance of the highest governance body	(a) Remuneration of Directors and Top Management (b) CGOS, Board Effectiveness Evaluation	(a) CGOS page 108 - 109 (b) CGOS page 109
2-19 Remuneration policies	(a) Remuneration of Directors and Top Management	(a) CGOS page 108 - 109
2-20 Process to determine remuneration	(a) Remuneration of Directors and Top Management (b) Remuneration and Employee Benefits (c) Minutes of 26th Annual General Meeting	(a) CGOS page 108 - 109 (b) SS page 82 (c) https://aeoncredit.com.my/wp-content/uploads/1690459180309_aeon_credit___minutes_of_the_twenty_sixth_annual_general_meeting__26th_agm.pdf
4. Strategy, policies and practices		
2-22 Statement on sustainable development strategy	(a) Chairman's Statement, Empowering Sustainable Action (b) Management Discussion and Analysis, ESG & Sustainability	(a) IAR page 24 (b) IAR page 32
2-23 Policy commitments	(a) Board Responsibilities and Senior Leadership Oversight (b) Corporate Governance Policies	(a) CGOS page 103 - 104 (b) https://aeoncredit.com.my/about-us/corporate-governance/
2-24 Embedding policy commitments	(a) Conduct and Trust	(a) SS page 66 - 71
2-25 Processes to remediate negative impacts	(a) Stakeholder Engagement (b) Conduct And Trust (c) Employee Engagement (d) Whistleblowing (e) Whistleblowing Policy and Procedure	(a) SS page 56 - 59 (b) SS page 66 - 71 (c) SS page 83 - 84 (d) SS page 69 (e) CGOS page 112 - 113
2-26 Mechanisms for seeking advice and raising concerns	(a) Stakeholder Engagement (b) Whistleblowing (c) Employee Engagement (d) Whistleblowing Policy and Procedure	(a) SS page 56 - 59 (b) SS page 69 (c) SS page 83 - 84 (d) CGOS page 112 - 113
5. Stakeholder engagement		
2-29 Approach to stakeholder engagement	Stakeholder Engagement	(a) SS page 56 - 59
GRI 201: Economic Performance 2016		
201-1 Direct economic value generated and distributed	(a) Financial Performance	(a) SS page 78
GRI 202: Market Presence 2016		
202-2 Proportion of senior management hired from the local community	(a) Staff Composition by Nationality (b) Board Balance and Diversity	(a) SS page 81 (b) CGOS page 106

GRI CONTENT INDEX

GRI Standard	Section	Information Location
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	(a) Proportion of Local Procurement	(a) SS page 71
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption	(a) Anti-Bribery Management System (b) Internal Audit Function	(a) SS page 68 - 69 (b) AC Report page 121 - 122
205-2 Communication and training about anti-corruption policies and procedures	(a) Anti-Bribery Management System (b) Employee Training (c) Directors Training	(a) SS page 68 - 69 (b) SS page 82 - 83 (c) CGOS page 109 - 111
205-3 Confirmed incidents of corruption and actions taken	No cases in year under review. (a) Anti-Bribery Management System	(a) SS page 68 - 69
GRI 3 Material Topics 2021		
3-1 Process to determine material topics	(a) Materiality Assessment and Material Sustainability Matters	(a) SS page 59 - 61
3-2 List of material topics	(a) Materiality Assessment and Material Sustainability Matters	(a) SS page 59 - 61
3-3 Management of material topics	(a) Conduct And Trust (b) Customer Experience (c) Digital Product and Service Transformation (d) Employee Health, Safety and Well-Being (e) Environmental Stewardship (f) Contributing to Communities	(a) SS page 66 - 71 (b) SS page 72 - 74 (c) SS page 75 - 78 (d) SS page 79 - 84 (e) SS page 85 - 90 (f) SS page 90 - 92
GRI 302: Energy 2016		
302-1 Energy consumption within the organisation	(a) Energy Management	(a) SS page 87
GRI 303: Water and Effluents 2018		
303-5 Water consumption	(a) Water Management	(b) SS page 87
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	(a) GHG Emission	(a) SS page 88
305-2 Energy indirect (Scope 2) GHG emissions	(a) GHG Emission	(a) SS page 88
305-4 GHG emissions intensity	(a) GHG Emission	(a) SS page 89
305-5 Reduction of GHG emissions	(a) GHG Emission	(a) SS page 88
GRI 306: Waste 2020		
306-1 Waste generation and significant waste-related impacts	Waste-related impact is insignificant (a) Waste Management	(a) SS page 87 - 88
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	(a) Attrition Rate	(a) SS page 81
401-3 Parental leave	(a) Remuneration and Employee Benefits	(a) SS page 82

GRI CONTENT INDEX

GRI Standard	Section	Information Location
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	(a) Occupational Safety and Health	(a) SS page 79
403-2 Hazard identification, risk assessment, and incident investigation	(a) Occupational Safety and Health	(a) SS page 79
403-3 Occupational health services	(a) Occupational Safety and Health	(a) SS page 79
403-4 Worker participation, consultation, and communication on occupational health and safety	(a) Occupational Safety and Health (b) Employee Engagement	(a) SS page 79 (b) SS page 83 - 84
403-5 Working training on occupational health and safety	(a) Occupational Safety and Health	(a) SS page 79
403-6 Promotion of worker health	(a) Remuneration and Employee Benefits	(a) SS page 82
403-8 Workers covered by an occupational health and safety management system	(a) Occupational Safety and Health	(a) SS page 79
GRI 404: Training and Education 2016 2018		
404-1 Average hours of training per year per employee	(a) Employee Training	(a) SS page 82 - 83
404-2 Programs for upgrading employee skills and transition assistance programs	(a) Employee Training	(a) SS page 82 - 83
404-3 Percentage of employees receiving regular performance and career development reviews	(a) Employee Engagement	(a) SS page 83 - 84
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	(a) Workforce Diversity (b) Board Balance and Diversity	(a) SS page 80 - 81 (b) CGOS page 106
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	A strict no discrimination policy is practiced. (a) Respect for Human Rights	(a) SS page 80
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	(a) Contributing to Communities	(a) SS page 90 - 92
GRI 415: Public Policy 2016		
415-1 Political contributions	In line with the Group's integrity principle, no political contributions were made either directly or indirectly by the Group (a) Anti-Bribery Management System	(a) SS page 68 - 69

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting (“27th AGM”) of AEON Credit Service (M) Berhad (“the Company”) will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting (“RPEV”) facilities from the Broadcast Venue at Pullman Room 3, 4 & 5, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences, No. 4, Jalan Conlay, 50450 Kuala Lumpur, Malaysia on Thursday, 20 June 2024 at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 29 February 2024 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Notes (i)) |
| 2. To approve the payment of final single-tier dividend of 14.00 sen per share in respect of the financial year ended 29 February 2024. | Ordinary Resolution 1 |
| 3. To approve the Directors’ fees and allowances up to an aggregate amount of RM1.538 million in respect of the financial year ended 29 February 2024 and payment thereof. | Ordinary Resolution 2 |
| 4. To approve the benefits payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 21 June 2024 until the conclusion of the next AGM of the Company to be held in 2025. | Ordinary Resolution 3
(Please refer to the Explanatory Notes (ii)) |
| 5. To re-elect the following Directors who are retiring pursuant to Clause 148 of the Constitution of the Company:
(a) Ng Eng Kiat
(b) Daisuke Maeda
(c) S Sunthara Moorthy A/L S Subramaniam
(d) Datuk Adinan bin Maning
(e) Datin Yasmin Ahmad Merican
(f) Lee Tyan Jen | Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6
Ordinary Resolution 7
Ordinary Resolution 8
Ordinary Resolution 9
(Please refer to Explanatory Notes (iii)) |
| 6. To re-elect Chin Pik Yuen who is retiring pursuant to Clause 153 of the Constitution of the Company. | Ordinary Resolution 10
(Please refer to Explanatory Notes (iii)) |
| 7. To re-appoint Messrs. Deloitte PLT as Auditors of the Company for the financial year ending 28 February 2025 and to authorise the Board of Directors to determine their remuneration. | Ordinary Resolution 11 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

- | | |
|---|---|
| 8. Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares | Ordinary Resolution 12
(Please refer to Explanatory Notes (iv)) |
| <p>“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company, the Directors be and are hereby authorised to allot and issue shares in the share capital of the Company at any time until the conclusion of the next AGM, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.”</p> | |

NOTICE OF ANNUAL GENERAL MEETING

9. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Existing Shareholders' Mandate")**

Ordinary Resolution 13
(Please refer to
Explanatory Notes (v))

"THAT, subject to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and/or its subsidiary company(ies) ("the Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 21 May 2024 ("the Circular") with the related parties mentioned therein which are necessary for the day-to-day operations of the Group.

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

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

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Renewal of Existing 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 Renewal of Existing Shareholders' Mandate."

10. **Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")**

Ordinary Resolution 14
(Please refer to
Explanatory Notes (v))

"THAT, subject to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and/or its subsidiary company(ies) ("the Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 21 May 2024 ("the Circular") with the related parties mentioned therein which are necessary for the day-to-day operations of the Group.

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed New 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 New Shareholders' Mandate."

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 27th AGM, a final single-tier dividend of 14.00 sen per ordinary share in respect of the financial year ended 29 February 2024 will be paid to shareholders on 25 July 2024. The entitlement date for the said dividend shall be 5 July 2024.

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

- (a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 5 July 2024 in respect of transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

TAI YIT CHAN

(SSM PC No. 202008001023) (MAICSA 7009143)

Company Secretary

Selangor Darul Ehsan

Date: 21 May 2024

NOTES:

1. The Company will conduct the Annual General Meeting ("AGM") on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities at <https://meeting.boardroomlimited.my>. Kindly refer to the attached Administrative Details for the AGM of the Company for more information.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("the Act") which specifies that the Chairman of the Meeting shall be present at the main venue of the AGM and is in accordance with Clause 86 of the Company's Constitution which allows a meeting of members to be held at more than one (1) venue, using any technology or method so that all members of the Company can participate and be able to exercise their rights to participate and vote at the general meeting. The Broadcast Venue of the AGM is to inform members where the electronic AGM production and live streaming would be conducted from. No shareholder or proxy from the public should be physically present nor admitted at the Broadcast Venue on the day of the AGM.
3. As the AGM will be conducted via a virtual meeting platform, a member who is not able to participate in the AGM may appoint the Chairman of the AGM as his/her proxy and indicate the voting instruction in the Proxy Form.
4. A member of the Company entitled to attend, participate, speak and vote at the AGM is entitled to appoint up to two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy by a member who is entitled to participate and vote at the AGM, shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the instrument appointing a proxy can be electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> (for individual shareholders only) before the Proxy Form lodgement cut-off time as mentioned above.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 12 June 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, participate and/or vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the resolutions set out in the Notice of the AGM will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

(i) Item 1 of the Agenda – To receive the Audited Financial Statements

The Audited Financial Statements are laid out pursuant to Section 340(1)(a) of the Act and meant for discussion only, as they do not require members' approval pursuant to Section 251(1)(a) of the Act. As such, the matter will not be put forward for voting.

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

The benefits payable (excluding Directors' Fees) to Mr. Ng Eng Kiat, the Chairman/Non-Independent Non-Executive Director of the Company, comprises benefits-in-kind (computed in accordance with Lembaga Hasil Dalam Negeri's guideline) for the use of a company car, driver and petrol.

(iii) Ordinary Resolutions 4 to 10 – Re-election of Directors

Each of the Director standing for re-election had undergone a performance evaluation and had provided his/her annual declaration on his/her fitness and propriety to continue acting as Directors of the Company in accordance with the Fit and Proper Policy of the Group, as well as the confirmation of their independence (as the case may be). Upon the Nomination and Remuneration Committee's ("NRC") assessment, the performance and suitability of each of the retiring Directors was found to be satisfactory and that each of the retiring Directors had demonstrated his/her commitment to the role and continues to be an effective and valuable member of the Board. Based on the above premise, the NRC had recommended for the retiring Directors to be re-elected at the 27th AGM and the Board had endorsed NRC's recommendations. The retiring Directors had abstained from deliberations and decisions on their re-election at the NRC and Board meetings.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 4 to 10 are set out in the Board of Directors' profiles of the Integrated Annual Report 2024.

Retirement of Directors

Ms. Rashidah binti Abu Bakar and Mr. Mitsugu Tamai did not seek re-election, after having served on the Board of the Company for almost six (6) years and three (3) years respectively since their appointment as Directors. Hence, they will retain office until the close of the 27th AGM, and retires in accordance with Clause 148 of the Constitution of the Company.

(iv) Ordinary Resolution 12 – Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its Twenty-Sixth (26th) AGM held on 21 June 2023, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 and 76 of the Act. As at the date of the notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 12 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 75 and 76 of the Act. The resolution, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the issued shares (excluding treasury shares) of the Company for such purpose as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

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

(v) Ordinary Resolutions 13 and 14 – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate

The Ordinary Resolutions 13 and 14 proposed under items 9 and 10 of the Agenda, if passed, will allow the Group to enter into recurrent related party transactions in accordance with paragraph 10.09 of the MMLR of Bursa Securities and without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. The shareholders' mandate is subject to renewal on an annual basis.

Further information on the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate are set out in the Circular to Shareholders dated 21 May 2024.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purpose, 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.



I/We (name in full and in block letters) _____
(NRIC No./Passport No./Registration No. _____) of _____ (full address)
_____ being a *member/members of **AEON CREDIT SERVICE (M) BERHAD** ("Company"), hereby appoint (name in full and in block letters),
_____ (NRIC/Passport No. _____) of _____ (full address/email/tel no.)
and/or failing *him/her, (name in full and in block letters) _____
(NRIC/Passport No. _____) of _____ (full address/email/tel no.)

or failing *him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy/proxies to vote for *me/us and on *my/our behalf at the Twenty-Seventh Annual General Meeting ("27th AGM") of the Company to be held on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities at the Broadcast Venue at Pullman Room 3, 4 & 5, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences, No. 4, Jalan Conlay, 50450 Kuala Lumpur, Malaysia on Thursday, 20 June 2024 at 10.00 a.m. or at any adjournment thereof.

* Strike out whichever is inapplicable.

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

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

No.	Resolutions	For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	To approve the payment of final single-tier dividend of 14.00 sen per share in respect of the financial year ended 29 February 2024		
Ordinary Resolution 2	To approve the Directors' fees and allowances up to an aggregate amount of RM1.538 million in respect of the financial year ended 29 February 2024 and payment thereof		
Ordinary Resolution 3	To approve the benefits payable to the Chairman/Non-Independent Non-Executive Director up to an aggregate amount of RM31,150 from 21 June 2024 until the conclusion of the next AGM of the Company to be held in 2025		
Ordinary Resolution 4	Re-election of Ng Eng Kiat as Director		
Ordinary Resolution 5	Re-election of Daisuke Maeda as Director		
Ordinary Resolution 6	Re-election of S Sunthara Moorthy A/L S Subramaniam as Director		
Ordinary Resolution 7	Re-election of Datuk Adinan bin Maning as Director		
Ordinary Resolution 8	Re-election of Datin Yasmin Ahmad Merican as Director		
Ordinary Resolution 9	Re-election of Lee Tyan Jen as Director		
Ordinary Resolution 10	Re-election of Chin Pik Yuen as Director		
Ordinary Resolution 11	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company for the financial year ending 28 February 2025 and to authorise the Board of Directors to determine their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 12	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares		
Ordinary Resolution 13	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Existing Shareholders' Mandate")		
Ordinary Resolution 14	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")		

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

Signed this _____ day of _____ 2024.

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

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

If appointment of proxy is under hand Signed by *individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)	No. of shares held : _____ Securities Account No. : _____ (CDS Account No.) (Compulsory) Contact No. : _____ Email address : _____ Date : _____
If appointment of proxy is under seal The Common Seal of _____ was hereto affixed in accordance with its Constitution in the presence of: Director _____ Director/Secretary _____ In its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner)	Seal No. of shares held : _____ Securities Account No. : _____ (CDS Account No.) (Compulsory) Contact No. : _____ Email address : _____ Date : _____

* Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

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Postage
Stamp

The Share Registrar

AEON CREDIT SERVICE (M) BERHAD

(Registration No. 199601040414 (412767-V))

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

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Notes:-

1. The Company will conduct the Annual General Meeting ("AGM") on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities at <https://meeting.boardroomlimited.my>. Kindly refer to the attached Administrative Details for the AGM of the Company for more information.
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5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy by a member who is entitled to participate and vote at the AGM, shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the instrument appointing a proxy can be electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> (for individual shareholders only) before the Proxy Form lodgement cut-off time as mentioned above.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 12 June 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, participate and/or vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the resolutions set out in the Notice of the AGM will be put to vote by way of poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM dated 21 May 2024.



AEON CREDIT SERVICE (M) BERHAD

Registration No. 199601040414 (412767-V)

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