

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the content of this Circular prior to issuance as the Company has been selected by Bursa Securities as a company qualified under the Green Lane Policy, which entitles certain privileges including exemption of the need for pre-vetting of this Circular.

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

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE AND PROPOSED NEW SHAREHOLDERS’ MANDATE FOR ADDITIONAL
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE**

The resolution in respect of the above proposal will be tabled as Special Business at the Twenty-Third Annual General Meeting (23rd AGM) of the Company. Notice convening the 23rd AGM of the Company to be held at Broadcast Venue at Level 3A, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 24 June 2020 at 10.30 a.m., together with the Proxy Form, are set out in the Annual Report of the Company which are available to be downloaded from our Company’s website at www.aeoncredit.com.my.

In line with the Government’s initiative to curb the spread of COVID-19 and the Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (further revised on 23 April 2020 and 14 May 2020), the Company will be conducting its 23rd AGM fully virtual via live webcast and online remote voting using the Remote Participation and Voting Facilities (“RPV Facilities”). Please follow the procedures provided in the Administrative Guide for the 23rd AGM, which are available to be downloaded from our Company’s website at www.aeoncredit.com.my in order to register, participate and vote remotely via the RPV Facilities.

As a shareholder, you are encouraged to go online, participate, and vote at the 23rd AGM using the RPV facilities. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Form of Proxy at the office of our Share Registrar, Boardroom Share Registrars Sdn. Bhd. or alternatively, you may lodge your Form of Proxy by electronic means through Boardroom Smart Investor Portal at <https://www.boardroomlimited.my/> (for individual shareholders only) or via e-mail to bsr.helpdesk@boardroomlimited.com. The completed Form of Proxy must be deposited/lodged before the lodgement cut-off date and time stated below:

Last date and time for lodging the Form of Proxy : Monday, 22 June 2020 at 10.30 a.m.
Date and time of the AGM : Wednesday, 24 June 2020 at 10.30 a.m.

This Circular is dated 22 May 2020

DEFINITIONS

In this Circular and the accompanying Appendix, the following words and abbreviations shall have the following meanings unless the context requires otherwise:

- Act : Companies Act 2016, as amended from time to time and any re-enactment thereof
- ACSM or the Company : AEON Credit Service (M) Berhad
- AFSJ : AEON Financial Service Co., Ltd., a company incorporated in Japan, the immediate holding company of ACSM
- ACSS : AEON Credit Service Systems (Philippines) Inc, a company incorporated in Philippines, in which AFSJ has 100% direct equity interest
- AGM : Annual General Meeting
- Board : Board of Directors of ACSM
- Bursa Securities : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
- Circular : This circular to the shareholders of ACSM dated 22 May 2020
- Director(s) : As defined under Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of ACSM (or any other company which is its subsidiary or holding company) or a chief executive of ACSM (or its subsidiary or holding company)
- Listing Requirements : Main Market Listing Requirements of Bursa Securities, as may be amended from time to time and any re-enactment thereof
- Major Shareholder(s) : A person who includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company, has an interest or interests in one (1) or more voting shares in the Company and the total number of voting shares, or the aggregate of the total number of those voting shares, is:
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of the voting shares in the Company where such person is the largest shareholder of the Company.

For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act.

DEFINITIONS *(Cont'd)*

Person(s) Connected	:	Such person, (referred to as “said Person”) who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the said Person; a member of the director’s or major shareholder’s family which family shall have the meaning given in Section 197 of the Act;(b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;(c) a partner of the said Person;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Person.
Proposal	:	Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate
Proposed Renewal of Existing Shareholders’ Mandate	:	Proposed Renewal of Existing Shareholders’ Mandate for recurrent related party transactions of a revenue or trading nature
Proposed New Shareholders’ Mandate	:	Proposed New Shareholders’ Mandate for Additional recurrent related party transactions of a revenue or trading nature
Related Party or Related Parties	:	Director(s), Major Shareholder(s) or Person(s) connected with such Director(s) or Major Shareholder(s), who are interested in the RRPT as set out in Section 2.2 of the Circular

DEFINITIONS *(Cont'd)*

- RRPT : Recurrent related party transactions of a revenue or trading nature of ACSM and which are in the ordinary course of business of ACSM
- RM and sen : Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia

All reference to “we”, “us”, “our” and “ourselves” are to our Company. All references to “you” in this Circular are to the shareholders of our Company.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations and individuals, unless otherwise specified.

Any reference to any legislation or guideline in this Circular is a reference to that legislation or guidelines as amended from time to time.

All references to the time of day in this Circular are reference to Malaysian time, unless otherwise stated.

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PAGE INDEX

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE CONTAINING:		Page
1.	INTRODUCTION	6
2.	DETAILS OF THE PROPOSAL	
2.1	<i>Background</i>	7
2.2	<i>Classes of related parties and nature of the RRPT for the Proposal</i>	7-16
2.3	<i>Details of the Related Parties</i>	17
2.4	<i>Rationale</i>	17
2.5	<i>Amount due and owing by the Related Parties</i>	18
2.6	<i>Benefits of the RRPT</i>	18
2.7	<i>Methods or procedures of determining the terms of RRPT and review procedures</i>	18-19
2.8	<i>Validity period and disclosure of the Proposal</i>	19
2.9	<i>Statement by the Audit Committee</i>	19
3.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM	20-21
4.	DIRECTORS' RECOMMENDATION	21
5.	APPROVAL REQUIRED	21
6.	FINANCIAL EFFECTS OF PROPOSAL	21
7.	AGM	22
8	FURTHER INFORMATION	22
APPENDIX - FURTHER INFORMATION		23-24

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

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia

22 May 2020

Board of Directors	
Ng Eng Kiat	Chairman Non-Independent Non-Executive Director
Yuro Kisaka	Managing Director
Dato' Md Kamal bin Ismaun	Non-Independent Non-Executive Director
Tomokatsu Yoshitoshi	Independent Non-Executive Director
S Sunthara Moorthy A/L S Subramaniam	Independent Non-Executive Director
YBhg. Datuk Adinan bin Maning	Senior Independent Non-Executive Director
Datin Khoo Pek Ling	Independent Non-Executive Director
Datin Yasmin Ahmad Merican	Independent Non-Executive Director
Rashidah binti Abu Bakar	Independent Non-Executive Director
Masaaki Mangetsu	Non-Independent Non-Executive Director
Lee Tyan Jen	Executive Director

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE ("PROPOSAL")

1. INTRODUCTION

The Company had on 20 June 2019 obtained the approval from our shareholders to enter into RRPT with Related Parties that are necessary for the day-to-day operations in the ordinary course of business carried out on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The said renewal of existing and new shareholders' mandates for RRPT shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from our shareholders at the AGM.

In connection thereto, on 23 April 2020, the Company had announced to Bursa Securities that the Board intends to seek our shareholders' approval for the Proposal in accordance with Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with details of the Proposal, to set out the recommendation of the Board and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM.

2. DETAILS OF THE PROPOSAL

2.1 BACKGROUND

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

The principal office of ACSM 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

It is anticipated that ACSM would, in the ordinary course of its business, enter into the RRPT which are necessary for its day-to-day operations with the classes of Related Parties which are disclosed in Section 2.2 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.2 CLASSES OF RELATED PARTIES AND NATURE OF THE RRPT FOR THE PROPOSAL

The Proposal will apply to the classes of Related Parties and nature of RRPT set out in the table below, relating to provisions of or obtaining from, the Related Parties, products and services in the ordinary course of business of ACSM.

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(I) THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE WILL APPLY TO THE FOLLOWING RELATED PARTIES:

	Type of Transactions	Transacting Parties	Related Parties	Actual Value transacted from 20 June 2019 to 30 April 2020 ^(a) RM'000	Estimated Value of preceding year's mandate RM'000	Deviation where the actual transacted value exceeded the estimated transacted value by 10% or more RM'000	Estimated Aggregate Value during the validity period of mandate ^(b) RM'000
	<u>ACSM customers' transactions via Transacting Party as ACSM merchant</u>						
1	Sales through easy payment instalment scheme ¹	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	3,946	8,000	-	8,000
2	Sales through credit cards / prepaid cards ²	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	119,631	20,000	99,631 ^(d)	3,600,000
3	Sales through E-Money issued by ACSM ³	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	50,940	120,000	-	400,000
4	Sales through easy payment instalment scheme ⁴	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	2,924	4,000	-	4,500
5	Sales through credit cards / prepaid cards ⁵	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	88,334	15,000	73,334 ^(d)	2,200,000
6	Sales through E-Money issued by ACSM ⁶	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	21,414	180,000	-	200,000

(I) THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE WILL APPLY TO THE FOLLOWING RELATED PARTIES (Cont'd):

	Type of Transactions	Transacting Parties	Related Parties	Actual Value transacted from 20 June 2019 to 30 April 2020 ^(a) RM'000	Estimated Value of preceding year's mandate RM'000	Deviation where the actual transacted value exceeded the estimated transacted value by 10% or more RM'000	Estimated Aggregate Value during the validity period of mandate ^(b) RM'000
	<u>Provision of financing</u>						
1	Instalment scheme for purchase of equipment ⁷	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	-	50,000	-	10,000
2	Instalment scheme for purchase of equipment ⁸	AEON DELIGHT (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	-	10,000	-	5,000
3	Instalment scheme for purchase of equipment ⁹	AEON FANTASY (MALAYSIA) SDN. BHD.	AEON CO., LTD. AND AFSJ	2,851	20,000	-	10,000
4	Instalment scheme for purchase of equipment ¹⁰	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	-	5,000	-	5,000
	<u>Revenue to ACSM</u>						
1	Credit card / prepaid card commission ¹¹	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	964	400	564 ^(d)	30,000

(I) THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE WILL APPLY TO THE FOLLOWING RELATED PARTIES (Cont'd):

	Type of Transactions	Transacting Parties	Related Parties	Actual Value transacted from 20 June 2019 to 30 April 2020 ^(a) RM'000	Estimated Value of preceding year's mandate RM'000	Deviation where the actual transacted value exceeded the estimated transacted value by 10% or more RM'000	Estimated Aggregate Value during the validity period of mandate ^(b) RM'000
	<u>Revenue to ACSM (Cont'd)</u>						
2	E-Money commission and processing fees ¹²	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	3,220	4,000	-	6,000
3	Credit card / prepaid card commission ¹³	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	598	300	298 ^(d)	23,000
4	E-Money commission and processing fees ¹⁴	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	943	2,000	-	3,000
5	Interest income from easy payment scheme ¹⁵	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	-	1,700	-	400
6	Interest income from easy payment scheme ¹⁶	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	-	170	-	200
7	Interest income from easy payment scheme ¹⁷	AEON DELIGHT (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	204	400	-	400

(I) THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE WILL APPLY TO THE FOLLOWING RELATED PARTIES (Cont'd):

	Type of Transactions	Transacting Parties	Related Parties	Actual Value transacted from 20 June 2019 to 30 April 2020 ^(a) RM'000	Estimated Value of preceding year's mandate RM'000	Deviation where the actual transacted value exceeded the estimated transacted value by 10% or more RM'000	Estimated Aggregate Value during the validity period of mandate ^(b) RM'000
	<u>Revenue to ACSM (Cont'd)</u>						
8	Interest income from easy payment scheme ¹⁸	AEON FANTASY (MALAYSIA) SDN. BHD.	AEON CO., LTD. AND AFSJ	281	700	-	600
	<u>Expenses to ACSM</u>						
1	Convertible AEON-Card points purchased ¹⁹	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	425	4,000	-	-(e)
2	Rental ²⁰	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	20,313	35,000	-	38,000
3	Rental ²¹	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	15,281	15,500	-	22,000
4	Procurement of IT systems, services and outsourcing ²²	ACSS	AEON CO., LTD. AND AFSJ	3,103	5,000	-	-(f)

(I) THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE WILL APPLY TO THE FOLLOWING RELATED PARTIES (Cont'd):

	Type of Transactions	Transacting Parties	Related Parties	Actual Value transacted from 20 June 2019 to 30 April 2020 ^(a) RM'000	Estimated Value of preceding year's mandate RM'000	Deviation where the actual transacted value exceeded the estimated transacted value by 10% or more RM'000	Estimated Aggregate Value during the validity period of mandate ^(b) RM'000
	<u>Expenses to ACSM (Cont'd)</u>						
5	Cleaning services ²³	AEON DELIGHT (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	575	1,300	-	1,500
6	Corporate support fees ²⁴	AFSJ	AEON CO., LTD.	10,417	15,000	-	15,000
7	Provide travel agency services ²⁵	J-HORIZONS TRAVEL (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	503	1,500	-	-(g)
8	Advertisement space rental ²⁶	J-HORIZONS TRAVEL (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	497	1,000	-	-(g)
9	Advertisement space rental ²⁷	AEON DELIGHT (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	1,593	2,100	-	3,000

(II) THE PROPOSED NEW SHAREHOLDERS' MANDATE WILL APPLY TO THE FOLLOWING RELATED PARTIES:

	Type of Transactions	Transacting Parties	Related Parties	Estimated Aggregate Value during the validity period of mandate^(b) RM'000
	<u>ACSM customers' transactions via Transacting Party as ACSM merchant</u>			
1	Sales through credit cards / prepaid cards issued by ACSM ²⁸	AEON FANTASY (MALAYSIA) SDN. BHD.	AEON CO., LTD. AND AFSJ	300
	<u>Revenue to ACSM</u>			
1	Credit card / prepaid card commission ²⁹	AEON FANTASY (MALAYSIA) SDN. BHD.	AEON CO., LTD. AND AFSJ	10
2	Insurance commission ³⁰	AEON CO. (M) BHD.	AEON CO., LTD. AND AFSJ	100
3	Insurance commission ³¹	AEON BIG (M) SDN. BHD.	AEON CO., LTD. AND AFSJ	200
	<u>Expenses to ACSM</u>			
1	Procurement of IT systems, services and outsourcing ³²	AFSJ	AEON CO., LTD.	10,000

Note:

- (a) The date of 30 April 2020 coincides with the end of latest financial month for which data is available on actual amounts incurred since the last AGM before this Circular is issued.
- (b) The estimated value of the transactions during the validity period of mandate are based on the information available at the point of estimation based on the projection of business to be conducted in the coming year after taking into consideration of the prevailing market rates.
- (c) The Proposal will take effect from the Twenty-Third AGM to the date of the next AGM in year 2021. The next AGM is expected to be held before 30 June 2021.
- (d) The deviation in respect of sales through credit cards / prepaid cards and credit card / prepaid card commission were due to higher transactions volume performed by E-money cardholders at Electronic Data Capture (EDC) terminals as a result of increased promotional activities at the retail stores of AEON CO. (M) BHD. and AEON BIG (M) SDN. BHD. respectively during the period.

- (e) AEON Member Card programme of AEON CO. (M) BHD. has ceased operations on 1 July 2019. The cardholders can continue to enjoy the benefit by switching to AEON Member Plus Card managed by ACSM. Therefore, shareholders' mandate is not sought at the forthcoming AGM.
- (f) ACSS has been restructured as IT Shared Services Company of AFSJ. The new contracting party for IT systems, services and outsourcing has been changed to AFSJ. Therefore, shareholders' mandate is not sought at the forthcoming AGM.
- (g) J-HORIZONS TRAVEL (M) SDN. BHD. is no longer a consolidated subsidiary of AEON CO., LTD. on 10 March 2020. Therefore, shareholders' mandate is not sought at the forthcoming AGM.

There was no deviation of 10% or more between the aggregated actual value transacted for the RRPT and the aggregated estimated value as disclosed in this Circular. Hence, no announcement was required to be released to Bursa Securities pursuant to Chapter 10 of the Listing Requirements.

DETAILS OF THE TYPES OF TRANSACTIONS

- 1 *Sales through easy payment instalment scheme to be factored by AEON CO. (M) BHD. Recurrent transactions are on daily basis.*
- 2 *Sales transactions through ACSM acquiring EDC terminals in respect of recurrent daily transactions carried out by cardholders at AEON CO. (M) BHD. retail stores in Malaysia.*
- 3 *Sales through E-Money issued by ACSM, in respect of recurrent daily transactions carried out by cardholders at AEON CO. (M) BHD.'s retail stores in Malaysia.*
- 4 *Sales through easy payment instalment scheme to be transacted with AEON BIG (M) SDN. BHD. Recurrent transactions are on daily basis.*
- 5 *Sales transactions through ACSM acquiring EDC terminals in respect of recurrent daily transactions carried out by cardholders at AEON BIG (M) SDN. BHD.'s retail stores in Malaysia.*
- 6 *Sales through E-Money issued by ACSM, in respect of recurrent daily transactions carried out by cardholders at AEON BIG (M) SDN. BHD.'s retail stores in Malaysia.*
- 7 *Provision of financing to AEON CO. (M) BHD. via instalment scheme for purchase of equipment. Recurrent transactions are on as and when such requirement arises.*
- 8 *Provision of financing to AEON DELIGHT (M) SDN. BHD. via instalment scheme for purchase of equipment. Recurrent transactions are on as and when such requirement arises.*
- 9 *Provision of financing to AEON FANTASY (MALAYSIA) SDN. BHD. via instalment scheme for purchase of equipment. Recurrent transactions are on as and when such requirement arises.*
- 10 *Provision of financing to AEON BIG (M) SDN. BHD. via instalment scheme for purchase of equipment. Recurrent transactions are on as and when such requirement arises.*
- 11 *Credit card / prepaid card commission payable by AEON CO. (M) BHD. for sales transactions through ACSM acquiring EDC terminals carried out by cardholders at AEON CO. (M) BHD. Recurrent transactions are on daily basis.*

DETAILS OF THE TYPES OF TRANSACTIONS (Cont'd)

- 12 *E-Money commission and processing fee payable by AEON CO. (M) BHD. through ACSM acquiring EDC terminals carried out by cardholders at AEON CO. (M) BHD.'s retail stores in Malaysia and managing customer loyalty programme.*
- 13 *Credit card / prepaid card commission payable by AEON BIG (M) SDN. BHD. for sales transactions through ACSM acquiring EDC terminals carried out by cardholders at AEON BIG (M) BHD. Recurrent transactions are on daily basis.*
- 14 *E-Money commission and processing fee payable by AEON BIG (M) SDN. BHD. through ACSM acquiring EDC terminals carried out by cardholders at AEON BIG (M) SDN. BHD. retail stores in Malaysia and managing customer loyalty programme.*
- 15 *Interest paid or payable by AEON CO. (M) BHD. for easy payment instalment scheme. Recurrent transactions are on monthly basis.*
- 16 *Interest paid or payable by AEON BIG (M) SDN. BHD. for easy payment instalment scheme. Recurrent transactions are on monthly basis.*
- 17 *Interest paid or payable by AEON DELIGHT (M) SDN. BHD. for easy payment instalment scheme. Recurrent transactions are on monthly basis.*
- 18 *Interest paid or payable by AEON FANTASY (MALAYSIA) SDN. BHD. for easy payment instalment scheme. Recurrent transactions are on monthly basis.*
- 19 *Convertible AEON Member points purchased from AEON CO. (M) BHD. for gift redemption given to cardholders who are also AEON Members of AEON CO. (M) BHD. Recurrent transactions are on monthly basis.*
- 20 *Rental of premises from AEON CO. (M) BHD. for usage as shoplot, service counter, recruitment kiosk and for promotional events at certain AEON CO. (M) BHD.'s shopping centres. Recurrent transactions are on monthly basis for usage as shoplot and service counter. For usage for promotional events, Recurrent transactions are on as and when such requirement arises when the need arises.*
- 21 *Rental of premises from AEON BIG (M) SDN. BHD. for usage as shoplot, service counter recruitment kiosk and for promotional events at certain AEON BIG (M) SDN. BHD.'s shopping centres. Recurrent transactions are on monthly basis for usage as shoplot and service counter. For usage for promotional events, recurrent transactions are effected as and when the need arises.*
- 22 *Procurement of IT systems, services and outsourcing from ACSS including systems and software consultancy, design, development, implementation, maintenance, support and system integration services and IT outsourcing for skilled personnel to be based at ACSM to support Management Information System (MIS) projects and operations. Recurrent transactions are effected from time to time based on projects and services awarded to ACSS.*
- 23 *Cleaning services, facility management services and other support service rendered by AEON DELIGHT (M) SDN. BHD. Recurrent transactions are on monthly basis.*
- 24 *Corporate support fees represent share of personnel and other costs, such as operation support fee and funding support fee charged by AFSJ to its subsidiaries to provide corporate advisory and other services. Operation support fee which is billed incorporates a mark-up of approximately 10% on relevant operation support costs incurred.*

DETAILS OF THE TYPES OF TRANSACTIONS (Cont'd)

- 25 *Travel agency services rendered by J-HORIZONS TRAVEL (M) SDN. BHD. Recurrent transactions are on as and when such requirement arises.*
- 26 *Rental of advertisement space from J-HORIZONS TRAVEL (M) SDN. BHD. for placement of advertisement for promotional events. Recurrent transactions are on monthly basis.*
- 27 *Rental of advertisement space and miscellaneous charges from AEON DELIGHT (M) SDN. BHD. for placement of advertisement at its vending machine and promotional events. Recurrent transactions are on monthly basis.*
- 28 *Sales transactions through ACSM acquiring EDC terminals in respect of recurrent daily transactions carried out by cardholders at AEON FANTASY (MALAYSIA) SDN. BHD.'s amusement outlets in Malaysia.*
- 29 *Credit card / prepaid card commission payable by AEON FANTASY (MALAYSIA) SDN. BHD. for sales transactions through ACSM acquiring EDC terminals carried out by cardholders at AEON FANTASY (MALAYSIA) SDN. BHD. Recurrent transactions are on daily basis.*
- 30 *Commission paid or payable by AEON CO. (M) BHD. for referral of extended warranty programme. Recurrent transactions are on monthly basis.*
- 31 *Commission paid or payable by AEON BIG (M) SDN. BHD. for referral of extended warranty programme. Recurrent transactions are on monthly basis.*
- 32 *Procurement of IT systems, services and outsourcing from AFSJ including but not limited to, systems and software consultancy, design, development, implementation, maintenance, support and system integration services and IT outsourcing for skilled personnel to be based at ACSM to support Management Information System (MIS) projects and operations. Recurrent transactions are effected from time to time based on projects and services awarded to AFSJ.*

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THE BASIS OF ARRIVING AT THE VALUES FOR THE RRPT:

The values for the RRPT were derived based on budgeted and forecasted figures, including actual values incorporated for period up to 29 February 2020. The actual values in respect of period commencing from 1 March 2020 may vary from estimated value incorporated in RRPT values shown in this Proposal.

2.3 DETAILS OF THE RELATED PARTIES

The interests of the Related Parties in the RRPT as set out in Section 2.2 above are as follows:

- (a) AEON CO., Ltd., a company incorporated in Japan, is the holding company of AEON CO. (M) BHD. and AEON BIG (M) SDN. BHD. AEON CO., Ltd. is also the ultimate holding company of ACSM. AEON CO., Ltd. has total direct and indirect equity interest of 49.80% in AFSJ, which is the immediate holding company of ACSM. AFSJ has 61.91% direct equity interest in ACSM. Meanwhile, AEON CO. (M) BHD. also has direct equity interest of 1.83% in ACSM.
- (b) AEON CO., Ltd. is the ultimate holding company of AEON DELIGHT (M) SDN. BHD. AEON CO., Ltd. has total direct and indirect equity interest of 50.99% in AEON Delight CO., Ltd. AEON Delight CO., Ltd. is the holding company of AEON DELIGHT (M) SDN. BHD.
- (c) AEON CO., Ltd. is the ultimate holding company of AEON FANTASY (MALAYSIA) SDN. BHD. AEON CO., Ltd. has total direct and indirect equity interest of 68.36% in AEON Fantasy CO., Ltd. AEON Fantasy CO., Ltd. is the holding company of AEON FANTASY (MALAYSIA) SDN. BHD.
- (d) AFSJ is the holding company of ACSS, a company incorporated in the Philippines, and has 100% direct equity interest in ACSS.

AFSJ and AEON CO., Ltd. are therefore regarded as interested Major Shareholders.

2.4 RATIONALE

The RRPT to be entered into by ACSM are all in the ordinary course of business and reflect the long-term commercial relationship between the parties. The RRPT are undertaken on terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. It is envisaged that in the normal course of ACSM's business, the RRPT between ACSM and the Related Parties are likely to occur from time to time and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT.

The Proposal and the renewal thereof on an annual basis would avoid the necessity to make regular announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when the RRPT occur or arise. This would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis and allow manpower resources and time to be channelled towards attaining other corporate objectives.

Hence, the Directors are seeking approval from the shareholders on the RRPT as described under Section 2.2 of this Circular.

2.5 AMOUNT DUE AND OWING BY THE RELATED PARTIES

As at 30 April 2020, there were no amounts due and owing by the Related Parties pursuant to the RRPT which have exceeded the normal credit terms of the Company.

2.6 BENEFITS OF THE RRPT

Generally, the RRPT enable ACSM to meet its consumer financing and settlement business objectives and provide ACSM with support to its operational and business needs.

2.7 METHODS OR PROCEDURES OF DETERMINING THE TERMS OF RRPT AND REVIEW PROCEDURES

Generally, the terms and conditions of the RRPT are determined based on normal commercial terms, business practices and policies. The rate/pricing is determined after taking into consideration the prevailing comparable market prices/rates available from or provided to other third parties, where applicable, based on similar quality and level of service.

The following internal review procedures are practised and have been established to ensure that the RRPT are undertaken on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (i) The details of the Related Parties mandated pursuant to the Proposal will be circulated within ACSM, including all the Major Shareholders and Directors of ACSM, with notification that all RRPT are required to be undertaken on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) All RRPT will be captured within the accounting system maintained by ACSM;
- (iii) The shareholdings interests of the Related Parties in ACSM and pertaining to their interests in any corporation/partnership will be continuously monitored;
- (iv) Records are kept at ACSM to keep track of the changes in the composition of the Directors and the Major Shareholders in ACSM;
- (v) The RRPT will be reviewed on quarterly basis by the management, Audit Committee and Board to ensure that they are transacted on terms and conditions, which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in the light of the circumstances concerned. If any member of the Audit Committee or Board has an interest in the transaction, he shall abstain from all deliberations and voting on the resolution(s) in respect of the RRPT at Audit Committee and Board Meetings;
- (vi) The annual internal audit plan shall incorporate a review of the RRPT. The Audit Committee and Board shall review the internal audit reports to ascertain that the review procedures established to monitor the RRPT have been complied with;

2.7 METHODS OR PROCEDURES OF DETERMINING THE TERMS OF RRPT AND REVIEW PROCEDURES (Cont'd)

- (vii) RRPT for amount exceeding RM1 million on annual basis or estimated to exceed RM1 million on annual basis are subject to review and approval of the Audit Committee and Board of Directors prior to ACSM entering into the said RRPT. Meanwhile, RRPT below the threshold of RM1 million on annual basis are subject to review and approval at management level of ACSM based on internal control framework established. All RRPT entered into by ACSM shall adhere to the relevant provisions in the Listing Requirements, where applicable; and
- (viii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors), due inquiries are made to ensure that transaction price with related parties are reasonable based on consideration of all related information available to ensure that the RRPT is not detrimental to ACSM.

The Audit Committee and the Board have reviewed the procedures and shall continue to review the procedures as and when required.

2.8 VALIDITY PERIOD AND DISCLOSURE OF THE PROPOSAL

The Proposal if approved at the forthcoming AGM, will be subject to an annual renewal and shall only continue to be in force until:

- i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposal 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 after the date it is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

2.9 STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of the Company has seen and reviewed the procedures established in Section 2.7 above in the treatment of RRPT and is satisfied that the procedures are sufficient to ensure that the RRPT are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public, where applicable, and are not to the detriment of the minority shareholders of ACSM.

The Audit Committee further affirms that ACSM maintains adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and that such RRPT are reviewed by the Audit Committee on a quarterly basis.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

The interested Major Shareholders, AFSJ and AEON CO., Ltd., and the interested Related Party, AEON CO. (M) BHD., will abstain from voting in respect of their direct and indirect shareholdings in ACSM, on the resolution approving the Proposal at the forthcoming AGM.

AFSJ and AEON CO., Ltd. have also undertaken to ensure that the Persons Connected to them have and will continue to abstain from all deliberations and voting on the Proposal, as applicable, at all Board meetings and/or Audit Committee meetings and will also abstain from voting on the resolution approving the Proposal at the forthcoming AGM.

The Persons Connected to AFSJ are:

- Mr. Yuro Kisaka, who is an employee of AFSJ, seconded to the Company. He is also the Managing Director and a shareholder of the Company.
- Datin Yasmin Ahmad Merican, who is a Director of AEON Fantasy (Malaysia) Sdn. Bhd. She is also an Independent Non-Executive Director and a shareholder of the Company.
- Mr. Masaaki Mangetsu who is a Director and Managing Executive Officer of AFSJ, is also a Non-Independent Non-Executive Director of the Company.

The Person Connected to AEON CO., Ltd. is AEON CO. (M) BHD., which is a subsidiary of AEON CO., Ltd. and is also a shareholder in the Company.

Accordingly, the interested Directors, namely Mr. Yuro Kisaka, Datin Yasmin Ahmad Merican and Mr. Masaaki Mangetsu, have abstained and will continue to abstain from all deliberations and voting on the Proposal at all Board and/or Audit Committee meetings and will also abstain from voting on the resolution approving the Proposal at the forthcoming AGM.

The interested Directors have undertaken to ensure that the Persons Connected to them will abstain from voting on the resolution, deliberating or approving the Proposal at the forthcoming AGM.

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3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM *(Cont'd)*

The direct and indirect interests of the interested Major Shareholders and the interested Directors and Persons Connected to them as at 30 April 2020 in the Company are shown in the table below:

	Name	Direct Interest		Indirect Interest	
		No. of ordinary shares	% equity	No. of ordinary shares	% equity
	Major Shareholder				
1	AFSJ	157,017,252	61.91	-	-
2	AEON CO., Ltd.	-	-	161,661,252*	63.74
	Persons Connected				
1	AEON CO. (M) BHD.	4,644,000	1.83	-	-
	Director				
1	Yuro Kisaka	82,080	0.03	-	-
2	Datin Yasmin Ahmad Merican	20,000	0.01	-	-
3	Masaaki Mangetsu	-	-	-	-

Note: * Indirect interest by virtue of its interest in AFSJ and AEON CO. (M) BHD., pursuant to Section 8 of the Act.

Save as disclosed above, none of the other Directors, Major Shareholders and /or Persons Connected to them as defined in the Listing Requirements have any direct or indirect interest in the Proposal.

4. DIRECTORS' RECOMMENDATION

The Board (with the exception of interested Directors named in Section 3 of the Circular), having considered all aspects of the Proposal, is of the opinion that the Proposal is in the best interests of ACSM and accordingly the Board (with the exception of the aforementioned Directors) recommends that you vote in favour of the resolution pertaining to the Proposal to be tabled at the forthcoming AGM.

5. APPROVAL REQUIRED

The Proposal is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM to be convened.

6. FINANCIAL EFFECTS OF PROPOSAL

The Proposal is not expected to have any effect on the issued share capital, shareholding of major shareholders, dividend payment, net assets per share and earnings per share of ACSM.

7. AGM

The notice of the AGM and Form of Proxy that contains the resolution in respect of the Proposal has been incorporated into the Annual Report of the Company for the financial year ended 29 February 2020 which has been circulated to you together with this Circular.

In light of the COVID-19 outbreak and as part of the safety measures, the 23rd AGM of the Company will be conducted entirely on a virtual basis through live webcast and online remote voting at the Broadcast Venue at Level 3A, UOA Corporate Tower, Avenue 10, The Vertical, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 24 June 2020 at 10.30 a.m. for the purpose of considering, and if thought fit, passing the ordinary resolution in respect of the Proposal as set out in the Notice of the 23rd AGM and the Form of Proxy which are available to be downloaded from the Company's website at www.aeoncredit.com.my.

As a shareholder, you are encouraged to go online, participate, and vote at the 23rd AGM using the RPV Facilities. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Form of Proxy at the office of our Share Registrar, Boardroom Share Registrars Sdn. Bhd. or alternatively, you may lodge your Form of Proxy by electronic means through Boardroom Smart Investor Portal at <https://www.boardroomlimited.my/> (for individual shareholders only) or via e-mail to bsr.helpdesk@boardroomlimited.com. The completed Form of Proxy must be deposited/lodged no later than 10.30 a.m. on Monday, 22 June 2020.

8. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix for further information.

Yours faithfully,
For and on behalf of the Board of
AEON CREDIT SERVICE (M) BERHAD

S Sunthara Moorthy A/L S Subramaniam
Independent Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of ACSM and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein false or misleading.

2. MATERIAL LITIGATION

Except as disclosed below, ACSM is not engaged in any material litigation, claims or arbitration, either as the plaintiff or defendant, claim or arbitration which have a material effect on the financial position or business of ACSM and the Directors are not aware of any proceedings pending or threatened against ACSM or of any facts likely to give rise to any proceedings which may affect the financial position or business of ACSM.

On 12 December 2017, the Company was served with notices of additional assessment with penalties by the Director General of Inland Revenue (“DGIR”) for year of assessment of 2010 till year of assessment of 2016. The additional assessments and penalties imposed amounted to RM96,820,000.

The said notices of additional assessment were raised by the DGIR among others, pursuant to:

- (a) The DGIR varying the loan transaction collateralised by receivables undertaken by the Company with a local financial institution to that of a sale of receivables. The DGIR did not specify which provision of the Income Tax Act 1967 it is relying on in making this variation.
- (b) The DGIR also raised time barred assessments for the years of assessment 2010 and 2011. The DGIR also did not provide any reason for raising the time barred assessments.
- (c) The DGIR imposed penalties for alleged submission of incorrect returns.

In consultation with its tax solicitor and corporate tax agents, the Company is of the view that there are reasonable grounds to disagree with the said notices of additional assessment raised by the DGIR.

Accordingly, the Company has also initiated the necessary legal proceedings to defend and safeguard its position as follows:

- (a) Stay of Proceedings

The application for a Stay of proceedings was filed with the Kuala Lumpur High Court on 14 December 2017. The Kuala Lumpur High Court did not grant the Company’s application on 8 May 2018. The Company filed its appeal to the Court of Appeal against this decision on the same day. However, on 5 April 2019, the Court of Appeal dismissed the Company’s appeal. The Company will continue to pursue this matter through its Judicial Review application as indicated in item (b) below.

2. MATERIAL LITIGATION (Cont'd)

(b) Judicial Review

On 14 December 2017, the Company also commenced proceedings to seek a Judicial Review on this matter. However, the Kuala Lumpur High Court did not grant the required leave on 5 March 2018. On the same day, the Company filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court. The hearing on 1 July 2019 had been vacated. A replacement hearing date has yet to be fixed.

(c) Appeal to Special Commissioners of Income Tax (“SCIT”)

On 5 January 2018, the Company filed an appeal to SCIT pursuant to Section 99(1) of the Income Tax Act 1967. The hearing date has yet to be fixed.

(d) Civil recovery proceedings by DGIR

On 9 July 2019, the Company received a Writ of Summons together with a Statement of Claim filed by the Government of Malaysia in respect of the taxes which are purportedly due for the years of assessment 2010 to 2016.

On 2 December 2019, the Shah Alam High Court had granted a stay of proceedings against the civil recovery suit commenced by the Government of Malaysia against the Company. The stay is valid until 1 June 2020 pending the discussions between the parties to explore the possibility of an amicable resolution. The matter has now been fixed for case management at the High Court on 1 June 2020 for further instruction and the High Court advised both parties to proceed with the discussions expeditiously.

In the light of the above on-going developments, no tax provision has been made on the aforesaid matter.

3. MATERIAL CONTRACTS

ACSM has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of ACSM) within the past two (2) year/period immediately preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from Monday to Friday (except for public holidays) at the Registered Office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia from the date of this Circular up to and including the date of the forthcoming AGM:

- (a) the Constitution of the ACSM;
- (b) the audited financial statements of ACSM for the past two (2) financial year ended 28 February 2019 and 29 February 2020; and
- (c) the relevant cause papers in respect of material litigation referred to in Section 2 of Appendix.

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