

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

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-THIRD (23RD) ANNUAL GENERAL MEETING (“AGM” OR “THE MEETING”) OF THE COMPANY HELD 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.

1. SPEECH BY THE CHAIRMAN

- 1.1 The Chairman delivered a speech highlighting the performance review and dividend payout of the Company, as well as the prevailing economic and business climate. On behalf of the Board and Management, the Chairman thanked and expressed his sincere gratitude to the shareholders for their confidence in and continued support for the Company.

2. SPEECH BY THE MANAGING DIRECTOR

- 2.1 At the invitation of the Chairman, Mr. Yuro Kisaka, the Managing Director (“MD”) of the Company, gave a brief overview on the Company’s operations for the financial year ended 29 February 2020 (“FYE2020”) and the prospects of the Company, highlighting ongoing digital transformation and establishment of AEON group of companies’ customer database platform by AEON Credit. On behalf of the Board and Management, the MD expressed his sincere gratitude to the shareholders for their confidence and continued support for the Company.

3. PRESENTATION ON RESULTS FOR THE FYE2020 BY THE CHIEF FINANCIAL OFFICER

- 3.1 Mr. Lee Kit Seong, the Chief Financial Officer (“CFO”) of the Company, delivered a brief presentation which covered the financial and operational overview of the Company’s performance for the FYE2020 to the shareholders.

4. QUESTION AND ANSWER (“Q&A”) SESSIONS

- 4.1 Questions from Minority Shareholders’ Watch Group (“MSWG”)

The CFO further informed that MSWG had on 11 June 2020 written to the Company seeking clarification/information on several areas pertaining to strategic, financial and corporate governance matters of the Company. He proceeded to present the answers to the questions received from MSWG at the Meeting for the benefit of the shareholders. A copy of the presentation slides on the questions raised by MSWG and the corresponding answers is attached herein as Appendix A.

4.2 Questions from shareholders prior to the AGM

The Meeting also noted the questions received from shareholders prior to the AGM and the corresponding answers provided by the Management. A copy of the presentation slides on the questions and answers is attached herein as Appendix B.

4.3 Live Q&A at the AGM

A number of shareholders and proxies provided their comments and sought clarification on various points/issues which were succinctly addressed by the MD and CFO. The salient points/issues raised at the Meeting were as follows:

- 4.3.1 In response to a question raised by a shareholder on the impact of digitalisation on the Company, the CFO replied that it enhances the Company's operational efficiency and productivity. The Company foresees improvement in its returns and customer experience through various touchpoints as well as enhancement of reach to a wider market through its digitalisation efforts.
- 4.3.2 A shareholder commented and sought clarification on the significant increase in the Company's borrowings in the FYE2020 which stood at RM2.6 billion as compared to RM814.0 million in the previous financial year, which do not appear to match the in reported growth of the Company's revenue and earnings. The CFO clarified that the RM2.6 billion relates to the current borrowings which are maturing in the next 12 months as compared to RM814.0 million in the last financial year. Total borrowings of the Company as at 29 February 2020 stood at RM8.2 billion. The increase in borrowings was partially due to the repayment of RM176 million for perpetual notes and perpetual sukuk which was previously accounted for as equity as well as refinancing of borrowings during the year to support receivables growth.
- 4.3.3 A shareholder raised a concern on whether there are any layoffs or salary trimming plans in view of the pandemic and its impact on the Company, with the Company's earnings expected to be depressed. To this, the MD informed that the Company has frozen hiring under its cost-containment strategy at this juncture while layoffs would be a means of last resort to be taken by the Company. The Company is also considering additional cost cutting options such as freezing of annual increments and reduction of overtime while enhancing employees' productivity.
- 4.3.4 Responding to a query raised by a shareholder on the percentage of customers who have chosen to continue with their repayment during the Movement Control Order ("MCO") period and customers' response towards the Company's relief program, the CFO informed that almost 30% of the customers continued servicing their loans in April and May 2020 and around 20% of customers have opted for the relief program as at 23 June 2020.

4.3.5 With regard to the request for the Company to provide e-vouchers and/or e-wallet credits to the participants of the Company's 23rd AGM as a token of appreciation, the MD thanked the shareholders who participated at the meeting and indicated that it is not a common practice to provide vouchers for virtual AGM.

4.3.6 In response to a shareholder's query on the possibility of increase in the Company's Non-Performing Loan ("NPL") ratio in light of the current Covid-19 crisis, the CFO replied that the Company's NPL ratio remained relatively stable during the MCO period mainly attributable to the loan deferment program provided to the customers.

The CFO added that the Company will continue to focus on implementing effective collection and recovery strategies while enhancing its asset quality.

4.3.7 With regard to a shareholder's enquiry on the growth strategies undertaken by the Company and its drivers, the MD responded that the five (5) key strategies of the Company are as follows:

- (i) Establishment of an AEON group of companies' platform by integrating and leveraging on the customers database;
- (ii) Strengthening of existing core business by optimising operating profit via digitalisation, utilising Electronic Know-Your-Customer (e-KYC) technology and improving application process via fully digital platform;
- (iii) Enhancement of IT system structure and upgrading of core system to keep pace with technological advancement for operations;
- (iv) Business expansion and exploration of new business opportunities; and
- (v) Pursuit of sustainability towards Sustainable Development Goal (SDG) 9 by promoting cashless transactions and enhancing user experience.

5. AGENDA OF THE 23RD AGM

5.1 Subsequent to the conclusion of the Q&A sessions, the Chairman then proceeded to deal with the formal business on the Agenda set out in the Notice of the 23rd AGM at the Meeting.

5.2 The Chairman informed the Meeting that the Audited Financial Statements of the Company for the FYE2020 together with the Reports of the Directors' and Auditors' thereon were meant for discussion only as the provision under Section 340 of the Companies Act 2016 does not require formal approval by the shareholders.

5.3 It was then recorded that the Audited Financial Statements of the Company for the FYE2020 together with the Reports of the Directors' and Auditors' thereon had been duly tabled and received by the shareholders.