



AEON CREDIT SERVICE (M) BERHAD

INDEPENDENT ADVICE IN RELATION TO THE PROPOSED JOINT VENTURE

***Presentation to the Non-Interested Shareholders of
AEON Credit Service (M) Berhad***

16 October 2023

OVERVIEW OF THE PRESENTATION

	Page
I. INTRODUCTION OF THE PROPOSED JOINT VENTURE	1
II. EVALUATION OF THE PROPOSED JOINT VENTURE	4
▪ Rationale and benefits	5
▪ Basis and justification of the subscription amount and subscription price	16
▪ Other considerations	17
▪ Financial effects	19
III. CONCLUSION AND RECOMMENDATION	20



INTRODUCTION OF THE PROPOSED JOINT VENTURE



PUBLIC INVESTMENT BANK BERHAD

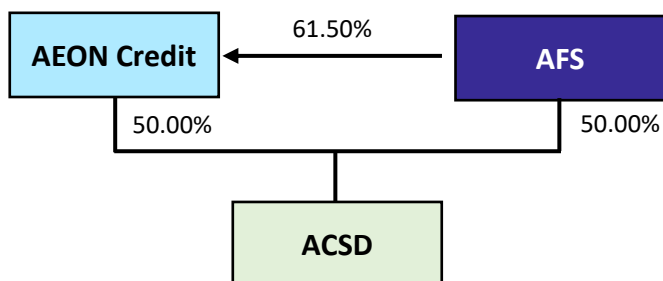
(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

INTRODUCTION OF THE PROPOSED JOINT VENTURE

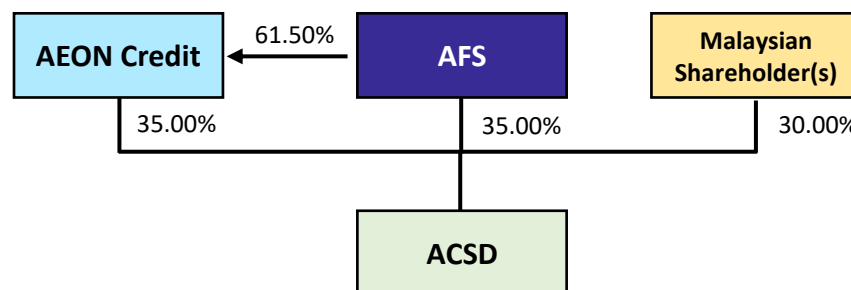
PROPOSED JOINT VENTURE

- Entails a joint venture between AEON Credit Service (M) Berhad (“**AEON Credit**”) and AEON Financial Service Co., Ltd. (“**AFS**”) (collectively, “**Parties**” or individually “**Party**”) to engage in digital Islamic banking business pursuant to the digital Islamic banking licence granted by the Minister of Finance, Malaysia (“**MOF**”).
- Pursuant to the shareholders’ agreement between the Parties (“**Shareholders’ Agreement**”), ACS Digital Berhad (“**ACSD**”) was incorporated as the joint venture company to undertake the digital Islamic banking business.

Before compliance with the equity condition*



After compliance with the equity condition*



Note:

- * Refers to condition imposed by MOF that at least 30% of the shares in ACSD are to be held by Malaysian(s), with priority given to Bumiputra Shareholders to be complied within a period of 5 years from the commence of business and operation of the digital Islamic bank (which is scheduled to take place not later than 8 April 2024).

Interested parties

- AFS
 - AEON CO., LTD.
 - Mr. Daisuke Maeda
 - Mr. Mitsugu Tamai
- Interested Shareholders
- Interested Directors



EVALUATION OF THE PROPOSED JOINT VENTURE



PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

EVALUATION OF THE PROPOSED JOINT VENTURE

Rationale and benefits of the Proposed Joint Venture

Expansion of the Group's scope of offerings



- **Expand the scope of offerings** by including digital Islamic banking services.
- Further **enhance the Group's earnings** from the consumer financing business.
- Allow the Group to enter the digital banking services industry at the early stage and **establish market presence**.

Expansion of the Group's customer base



- Able to provide financial services and solutions with new business models to **reach a wider pool of customers**, especially the underserved and unserved market segment.
- Enable the Group to **package its products and services to be more comprehensive** to serve its existing and potential customers' requirements and needs.

Complementary to the Group's existing business operations

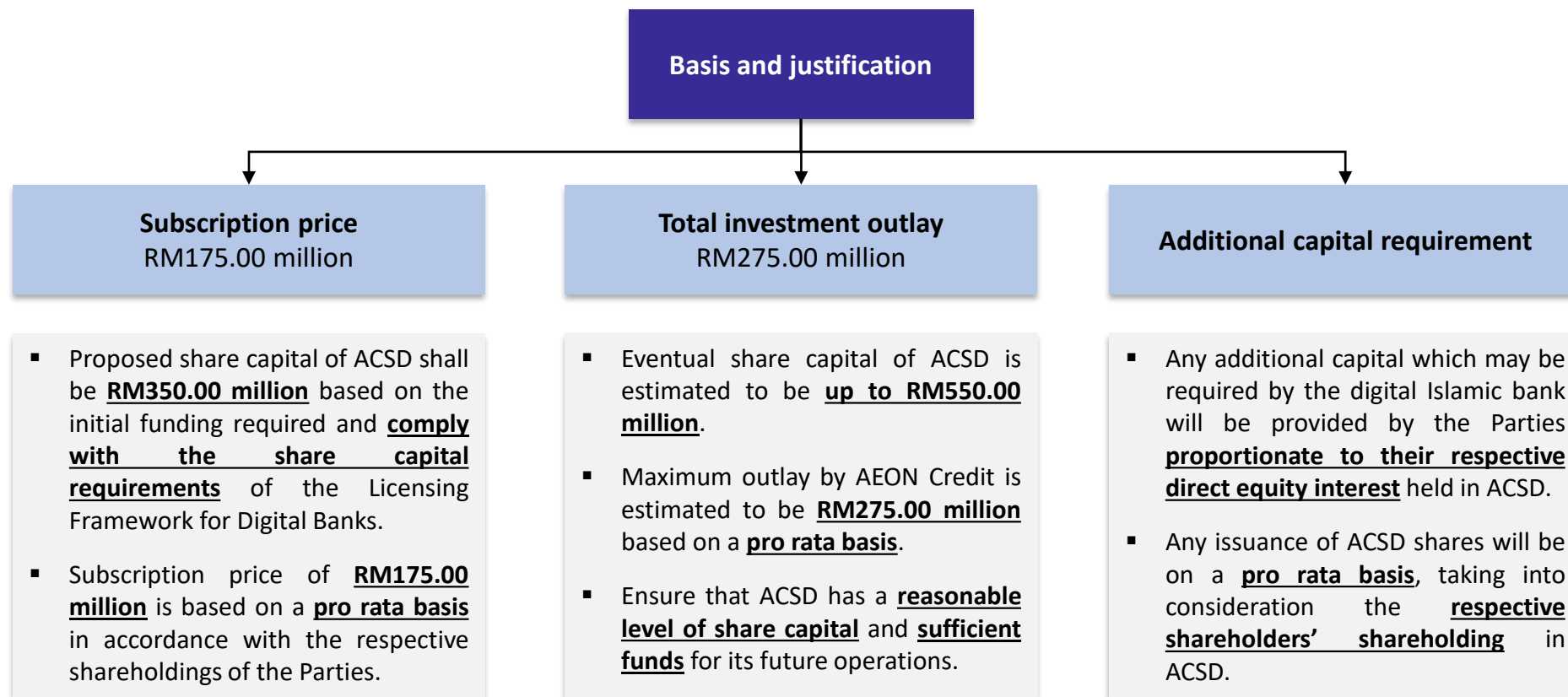


- **Complement the Group's existing business operations.**
- Able to **gain exposure** and market the Group's existing financial products to the future network to be established by ACSD.
- Allow the Group to have **access to lower cost of funds** through customers' deposits in ACSD.

We are of the opinion that the rationale for and benefits of the Proposed Joint Venture is reasonable and not detrimental to the interests of the non-interested shareholders of AEON Credit.

EVALUATION OF THE PROPOSED JOINT VENTURE (Cont'd)

Basis and justification of the subscription price



We are of the opinion that the subscription price is fair and reasonable and not detrimental to the interests of the non-interested shareholders of AEON Credit as it is made on a pro rata basis in accordance with the respective shareholdings of the Parties.

OTHER CONSIDERATIONS

Salient terms of the Shareholders' Agreement



- The terms contained in the Shareholders' Agreement are reasonable and are common aspects of any transactions/arrangements and are not detrimental to the interests of the non-interested shareholders.

Risk factors



- The risk factors identified in relation to the Proposed Joint Venture include diversion of financial resources, completion and commencement risk, dependency on technology, dependency on external technology and outsourced function service providers and economic and regulatory risk in relation to the digital banking industry.
- Although measures may be taken by the Group to limit / mitigate the risks, no assurance can be given that one or a combination of the risks will not crystallise and give rise to material and adverse impact on the financial position and business of the Group.

Industry overview and prospects of ACSD



- We are of the opinion that the prospects of ACSD are expected to be favourable in view of the positive outlook of the Malaysian economy and the digital banking industry, coupled with the strengths and capabilities of ACSD shareholders namely, AEON Credit and AFS.

EVALUATION OF THE PROPOSED JOINT VENTURE *(Cont'd)*

Financial effects

The pro forma effects of the Proposed Joint Venture based on the audited consolidated financial statement as at 28 February 2023 are as follows:

Issued share capital and substantial shareholders' shareholdings	➡	No effect as it does not involve any issuance of new shares in AEON Credit.	=
Net assets ("NA") per share	➡	The pro forma NA per share of AEON Credit will decrease from RM9.11 to RM9.10 per AEON Credit share due to decrease in retained earnings as a result of the estimated expenses for the Proposed Joint Venture.	↓
Gearing	➡	No effect as it does not involve utilisation of bank borrowings.	=
Earnings per share ("EPS")	➡	The pro forma EPS of AEON Credit is expected to decrease from 159.62 sen to 156.20 sen due to the operating losses of ACSD arising from pre-operating expenses of the digital Islamic Banking business.	↓

We are of the opinion that the pro forma effects of the Proposed Joint Venture are not detrimental to the interests of the non-interested shareholders of AEON Credit as the Proposed Joint Venture is expected to contribute positively to the future earnings of the Group after the launch of the digital banking business.



CONCLUSION AND RECOMMENDATION



PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

CONCLUSION AND RECOMMENDATION

After taking into consideration our evaluation of the following:

- Rationale and benefits
- Basis and justification of the subscription price
- Salient terms of the Shareholders' Agreement
- Risk factors
- Industry overview and prospects of ACSD
- Financial effects



Conclusion

Fair and reasonable and not detrimental to the
interests of the non-interested shareholders of
AEON Credit



Recommendation

Vote in FAVOUR

THANK YOU



PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

Strictly Private & Confidential