



AEON CO. (M) BHD. 198401014370(126926-H)

Head Office: 3rd Floor, AEON Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur.  
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## **SUMMARY OF KEY MATTERS DISCUSSED AT THE 35<sup>th</sup> ANNUAL GENERAL MEETING**

**BROADCAST VENUE** : **TRICOR BUSINESS CENTRE, MANUKA 2 & 3 MEETING ROOM, UNIT 29-01, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA**

**DATE** : **WEDNESDAY, 24 JUNE 2020**

**TIME** : **10.00 A.M.**

### **CHAIRMAN**

The Chairman of the Board of Directors (the “Board”), Datuk Iskandar bin Sarudin presided as Chairman of the Meeting and welcomed all shareholders, proxies and guests to the Thirty-Fifth (35<sup>th</sup>) Annual General Meeting of the Company, the first Annual General Meeting of the Company conducted through live streaming and online remote participation by using Remote Participation and Voting Facilities.

### **QUORUM**

As part of good governance, the Company Secretary reported that the Company had received total 143 proxy forms for a total of 1,151,962,839 ordinary shares, representing 82.05% of the issued share capital of the Company.

Out of those, there were 114 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented are 229,211,471, representing 16.33% of the total number of issued shares of the Company.

The Company Secretary, confirmed that a quorum was present and the Chairman called the Meeting to order at 10.00 a.m.

### **INTROUDCTION OF BOARD MEMBERS**

The Chairman informed that majority of the Directors and the External Auditors, Messrs KPMG Desa Megat PLT represented by its partner, Mr Eric Ong Beng Seng participated in the Meeting remotely. The Chairman then proceeded to introduce himself, Board of Directors, Company Secretary and Chief Financial Officer to the shareholders.

## **NOTICE**

With the consent of the members present, the Notice convening the Meeting having been circulated for the prescribed period was taken as read.

## **VOTING PROCEDURES**

The Chairman declared that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions set out in the Notice of the Meeting will be voted by poll. The Chairman, in his capacity as Chairman of the Meeting, demanded for a poll to be taken on all resolutions set out in the Notice convening the Meeting, pursuant to the Company's Articles of Association.

The Chairman informed the Meeting that the poll would be conducted electronically by using the Tricor e-vote application. The Company had appointed Tricor Investor and Issuing House Services Sdn Bhd, the Company's Share Registrar as Poll Administrator to conduct the electronic polling process and Asia Securities Sendirian Berhad as an independent Scrutineer to verify the poll results. Polling is opened at the commencement of the Annual General Meeting and members/proxies/corporate representatives could start to cast their votes. Shareholders were then briefed on the voting procedures by a representative of the poll administrator.

## **BUSINESS OF THE ANNUAL GENERAL MEETING**

At the invitation of the Chairman, Encik Shafie bin Shamsuddin ("Encik Shafie"), the Managing Director of the Company, presented the financial performance of the Company for the financial year ended 31 December 2019 to the Meeting.

Thereafter, the Chairman went through each of the motion set out in the Notice of the Annual General Meeting.

## **QUESTION AND ANSWER SESSION**

Mr Poh Ying Loo ("Mr Poh") informed the Meeting that the Company had not received any question from Minority Shareholders Watchdog Group and invited questions from the floor. The following queries were duly responded by Mr Poh and Encik Shafie: -

- On requests to give e-voucher to the participants of the 35<sup>th</sup> AGM, Mr Poh informed that the Company will not be doing so for this Annual General Meeting ("AGM").
- On whether the Company will continue to hold fully virtual AGM moving forward, Mr Poh informed that the Company is considering the possibility of doing so to apply the recommendation under the Malaysian Code on Corporate Governance. The Company may also consider having a hybrid AGM (virtual meeting together with physical attendance) instead of a fully virtual AGM.

- On strategy taken by the Company to overcome the financial challenges caused by the Covid-19 pandemic, Encik Shafie informed that the Company will embark on a new business model through digitalization in order to build an online marketplace.
- On enquiry as to strategy taken by the Company to compete with small size convenience stores such as KK Mart or 99 Speed Mart, Encik Shafie informed that instead of competing, the Company has planned to work together with convenience stores and mum-and-pop stores by supplying to these small retailers through its digital platform.
- On possibility of the Company venturing into online shopping business, Encik Shafie informed that moving forward, the Company is looking into investment in digital platform.
- With regards to the possible merger between the Company and AEON Big (M) Sdn Bhd (“AEON Big”), Encik Shafie clarified that there is no merger between these two companies. Encik Shafie informed that AEON Big will continue to operate as an independent entity but will obtain shared services (such as finance and human resource services) from the Company. AEON Big will have its own management team and will pay the Company for utilizing the shared services provided by the Company.
- On plan to acquire well known food and beverage restaurants, Encik Shafie replied that currently there is no such plan by the Company.
- With regards to the concern raised by a shareholder on future income of the Company, Encik Shafie informed that the performance of the Company remained resilient amidst the currently challenging market environment.
- On modification to the Company’s business model to become more of a hybrid of brick & mortar and e-commerce retailer, Encik Shafie informed that the Company has plan to scale down on physical expansion and will invest more on online platform. The Company has currently ceased all physical expansion and will not open any new mall in 2020.
- On the market share of the Company, Encik Shafie informed that Euromonitor International stated that the Company had 2.91% market share in grocery market. However, this figure may not be accurate as it only takes into account the MaxValu stores. Encik Shafie estimated that the Company has 5% to 6% market share in the grocery market.
- On plan to expand the Company’s operations outside Malaysia, Encik Shafie informed that currently there is no such plan and the Company will focus its effort in the Malaysian market and digitalization initiatives.
- On initiatives taken by the Company to halt the decrease in share price, Encik Shafie informed that the Company hopes that the share price of the Company will increase once the brand value of the Company has improved after its digitalization initiatives.

- With regards to the plan of the Company to close down any of its specialist stores (Wellness, Daiso and MaxValu), Encik Shafie informed that the Company currently does not have plan to close down any specialist store but will examine the business model and profitability of these specialist stores before carrying out further expansion.
- With regards to efforts taken by the Company to differentiate itself from Tesco Malaysia upon its purchase by CP Group Thailand, Encik Shafie informed that the Company will continue to focus on its digitalization efforts in order to improve its competitiveness.
- On query relating to the fees obtained by the Directors for attending virtual AGM, Encik Shafie informed that the Directors do not receive additional fees for attending the 35<sup>th</sup> AGM.
- Responding to a shareholder's complaint on the service level at AEON Taman Maluri, Encik Shafie informed that the exit to the Maluri MRT station was closed in order to limit the entry point to the mall to ensure that all customers could have their temperature checked before entering the mall. However, the Company may consider reopening all entrance to the mall during the Recovery Movement Control Order period.
- On the impact of Covid-19 on the sales, growth and profit of the Company, Encik Shafie informed that countermeasures had been taken and the Company's supermarket business has grown 40% to 50% during the past few months. However, as the Company's Hardline and Softline sales had been severely impacted, the Company expect an overall 10% to 15% decrease in sales by the end of 2020.
- In response to a shareholder's complaint on the gift voucher of the Company, Encik Shafie informed the shareholder to contact him personally on this matter.
- On the number of tenants that have closed down and the expected occupancy for 2020, Encik Shafie reported that even though the Government has allowed malls to be reopened, some tenants are cautious in their reopening while some tenants will not be operating fully. The Management is working closely with tenants to address the challenges faced by the tenants.
- With regards to the cost savings of having a remote AGM through RPV as compared to physical AGM, Mr Poh reported that the cost savings is not significant and all savings have been reinvested into the business.
- On the lack of explanatory note in the Audited Financial Statements on the lease liabilities of RM2.3 billion, Mr Poh explained that there is no such requirement under MFRS16. Mr Poh also explained that the lease liabilities of RM2.293 billion as disclosed in the financial statements as at 31 December 2019 differed from the lease liabilities of RM2.301 billion as at 1 January 2019 mainly due to the Company entering into new leases, incurred additional interest charge and had paid off a portion of its lease obligation.

- With regards to the deposit of RM207,000 for the construction of shopping mall in prior years, Mr Poh explained that the deposit is for a property that the Company has interest in. The Company is still negotiating with the developer, therefore the deposit paid for the said property is still included in the Audited Financial Statements. On the increase in other receivables and prepayments for the financial year ended 31 December 2019 (“FYE 2019”) as compared to the financial year ended 31 December 2018 (“FYE 2018”), Mr Poh explained that this was due to the increase in the deposits paid and prepayment of rentals for the Company’s stores.
- On the Company's capital commitments of RM11.5 million as disclosed in Note 28 of the Audited Financial Statements, Mr Poh explained that the said capital is for projects that have been authorised but purchase orders have yet to be issued.
- With regards to the decrease in the net asset per share from RM1.44 for the FYE 2018 to RM1.21 for the FYE 2019, Mr Poh explained that the decrease was due to the impact brought by the modified retrospective approach adopted by the Company upon the adoption of MFRS16 from 1 January 2019 onwards.
- With regards to the profit contribution of the different business segments of the Company, Encik Shafie informed that retail contributed 30% of the Company’s profit with profit from departmental store contributing a large majority (90%) of the retail profit.
- On any plan to lay off staff and/or cutting of salaries due to decrease in the Company’s earnings, Encik Shafie assured that the Management will strive to not lay off any staff. However, there will not be any salary increment for 2020 for all staff. Besides that, the members of AEON Leadership Council has volunteered to reduce their salary by 10%.
- On succession plans for Directors and key personnel, Encik Shafie informed that plan is being formulated and will be presented to the Board for approval in the near future. He further informed that the Nomination Committee and Remuneration Committee will evaluate the candidate before recommending any appointment to the Board. On the retirement policy of the Company, Encik Shafie informed that the retirement age for all employees is 60 years old.
- On measures to increase Softline sales when competing with other fast fashion retailers, Encik Shafie informed that the Company will continue to refresh its assortments and will look for talents to come up with strategies to compete with other fashion retailers.
- On the O2O business model and the direct peers in this new channel, Encik Shafie elaborated that under this model, the Company will work more closely with the current business partners, tenants, vendors and suppliers of the Company but is also open to work with other service providers and technology companies.

AEON CO. (M) BHD  
(Registration No. 198401014370 (126926-H)  
- Summary of Key Matters Discussed at the 35<sup>th</sup> Annual General Meeting

After addressing the questions received, the Chairman deemed that the Audited Financial Statements of the Company for the financial year ended 31 December 2019 as tabled and received.

**VOTING RESULTS**

The following resolutions tabled at the 35<sup>th</sup> Annual General Meeting of the Company were duly passed by the shareholders of the Company: -

<b>Ordinary Resolution 1</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To declare and approve the payment of a final dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2019	1,152,692,802	99.998	22,344	0.002	Carried
<b>Ordinary Resolution 2</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To approve the aggregate Directors' fees of the Company of RM1,142,500 for the financial year ended 31 December 2019	1,152,362,106	99.995	56,440	0.005	Carried
<b>Ordinary Resolution 3</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To approve the benefits payable to the Directors of the Company of up to RM300,000 from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company	1,077,670,906	93.513	74,759,640	6.487	Carried
<b>Ordinary Resolution 4</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Datuk Iskandar bin Sarudin, who is retiring pursuant to Article 74 of the Company's Articles of Association	1,142,886,707	99.147	9,828,439	0.853	Carried

<b>Ordinary Resolution 5</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Datuk Syed Ahmad Helmy bin Syed Ahmad, who is retiring pursuant to Article 74 of the Company's Articles of Association	1,077,994,507	93.518	74,720,639	6.482	Carried
<b>Ordinary Resolution 6</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Dato' Tunku Putra Badlishah Ibni Tunku Annuar, who is retiring pursuant to Article 74 of the Company's Articles of Association	1,037,488,436	90.004	115,226,710	9.996	Carried
<b>Ordinary Resolution 7</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Encik Abdul Rahim bin Abdul Hamid, who is retiring pursuant to Article 74 of the Company's Articles of Association	1,077,707,807	93.493	75,007,339	6.507	Carried
<b>Ordinary Resolution 8</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Mr Hiroyuki Kotera, who is retiring pursuant to Article 74 of the Company's Articles of Association	1,152,690,002	99.998	25,144	0.002	Carried
<b>Ordinary Resolution 9</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Ms Chong Swee Ying, who is retiring pursuant to Article 74 of the Company's Articles of Association	1,152,686,407	99.998	28,739	0.002	Carried

<b>Ordinary Resolution 10</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-elect the Director, Encik Shafie bin Shamsuddin, who is retiring pursuant to Article 80 of the Company's Articles of Association	1,152,678,507	99.997	36,639	0.003	Carried
<b>Ordinary Resolution 11</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
To re-appoint KPMG Desa Megat PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	1,151,012,839	99.852	1,702,307	0.148	Carried
<b>Ordinary Resolution 12</b>	<b>VOTES FOR</b>		<b>VOTES AGAINST</b>		<b>RESULT</b>
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
Proposed Renewal of Existing Shareholders' Mandate for the 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	436,362,407	99.993	29,139	0.007	Carried

Encik Shafie bin Shamsuddin, Mr Poh Ying Loo, Mr Hiroyuki Kotera, Ms Chong Swee Ying, Mr Yasuo Nishitohge and AEON, Japan have declared their interest and have undertaken to ensure that persons connected to them have abstained from voting on the Ordinary Resolution 12, deliberating and approving the Proposed Shareholders' Mandate at the Annual General Meeting.

### **CONCLUSION**

There being no other business to be transacted, the Meeting concluded at 12.04 p.m. with a vote of thanks to the Chair.