



AEON CO. (M) BHD.
Registration No. 198401014370 (126926-H)

ANNUAL REPORT 2019

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Corporate Information and Directory

BOARD OF DIRECTORS

Datuk Iskandar bin Sarudin
(Chairman)

Shafie bin Shamsuddin
(Managing Director)
(Appointed on 1 January 2020)

Hiroyuki Kotera

Datuk Syed Ahmad Helmy
bin Syed Ahmad

Dato' Tunku Putra Badlishah
Ibni Tunku Annuar

Abdul Rahim bin Abdul Hamid

Chong Swee Ying

Poh Ying Loo
(Retiring on 24 June 2020)

Yasuo Nishitohge
(Retiring on 24 June 2020)

Charles Tseng @
Charles Tseng Chia Chun
(Retiring on 24 June 2020)

Shinobu Washizawa
(Resigned on 31 December 2019)

SECRETARIES

Tai Yit Chan
(SSM PC NO. 202008001023)(MAICSA 7009143)

Tan Ai Ning
(SSM PC NO. 202008000067)(MAICSA 7015852)

REGISTERED OFFICE AND HEAD OFFICE

3rd Floor
AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras, 55100 Kuala Lumpur
Tel : 03-9207 2005
Fax : 03-9207 2006/ 2007

AUDITORS

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Tel : 03-7721 3388
Fax : 03-7721 3399

SHARE REGISTRAR

Tricor Investor &
Issuing House Services Sdn Bhd
[Registration No. 197101000970(11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

DATE OF INCORPORATION

15 September 1984

STOCK EXCHANGE LISTING

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

Stock Name : AEON

Stock Code : 6599

HOMEPAGE

www.aeonretail.com.my

PRINCIPAL BANKERS

MUFG Bank (Malaysia) Berhad
[Registration No. 199401016638(302316-U)]

Malayan Banking Berhad
[Registration No. 196001000142(3813-K)]

CIMB Bank Berhad
[Registration No. 197201001799(13491-P)]

Mizuho Bank (Malaysia) Berhad
[Registration No. 201001039768(923693-H)]

RHB Bank Berhad
[Registration No. 196501000373(6171-M)]

Sumitomo Mitsui Banking Corporation
Malaysia Berhad
[Registration No. 201001042446(926374-U)]

Corporate Calendar

NOTICE OF ANNUAL GENERAL MEETING

30 April 2019

ANNUAL GENERAL MEETING

30 May 2019

PAYMENT OF DIVIDEND

Book Closure 14 June 2019

Payment 11 July 2019

QUARTERLY RESULTS ANNOUNCEMENTS

1st Quarter 30 May 2019

2nd Quarter 26 August 2019

3rd Quarter 28 November 2019

4th Quarter 24 February 2020

Five-Year Financial Highlights

Year Ended 31 December	2019* RM'000	2018 RM'000	2017** RM'000	2016*** RM'000	2015**** RM'000
Financial Results					
Revenue	4,538,884	4,353,640	4,123,351	4,018,688	3,834,640
Retailing	3,832,247	3,666,306	3,458,981	3,417,676	3,288,832
Property management services	706,637	687,334	664,370	601,012	545,808
EBITDA	843,402	532,568	524,587	462,304	444,232
Profit before tax	196,887	187,038	193,806	163,029	210,841
Profit after tax	109,292	105,123	105,007	90,892	131,671
Profit attributable to owners of the Company	109,292	105,123	105,007	90,892	133,407
Net dividend	56,160	56,160	56,160	42,120	56,160
Financial Positions					
Assets					
Property, plant and equipment and Intangible assets	3,659,183	3,713,634	3,521,273	3,455,704	3,050,485
Right of use assets	1,772,427	–	–	–	–
Investments	76,600	82,106	92,690	101,427	43,950
Deferred tax assets	120,059	2,242	–	–	–
Other non-current assets	19,024	17,954	17,427	16,771	16,208
Current assets	890,481	830,770	778,174	839,814	931,660
Total assets	6,537,774	4,646,706	4,409,564	4,413,716	4,042,303
Equity					
Share capital	702,000	702,000	702,000	702,000	702,000
Non-distributable reserves	64,636	70,023	61,478	43,429	35,812
Retained earnings	929,034	1,248,352	1,199,389	1,136,502	1,095,787
Total equity attributable to owners of the Company	1,695,670	2,020,375	1,962,867	1,881,931	1,833,599
Non-controlling interests	–	–	–	–	10,935
Liabilities					
Borrowings	928,660	995,423	937,670	965,392	769,872
Lease liabilities	2,293,098	–	–	–	–
Deferred tax liabilities	–	–	11,316	27,990	21,151
Other liabilities	1,620,346	1,630,908	1,497,711	1,538,403	1,406,746
Total equity and liabilities	6,537,774	4,646,706	4,409,564	4,413,716	4,042,303
Financial Indicators					
Earnings per share (sen)****	7.78	7.49	7.48	6.47	9.50
Net dividend per share (sen)	4.00	4.00	4.00	3.00	4.00
Net assets per share (RM)****	1.21	1.44	1.40	1.34	1.31
Net debt to equity (%)*****	50.82	45.20	43.77	46.97	30.14
Return on equity (%)	6.45	5.20	5.35	4.83	7.28
Price earnings ratio	18.25	19.63	23.53	39.72	28.73
Share price as at December (RM)	1.42	1.47	1.76	2.57	2.73

Notes:

* The Company adopted MFRS 16, Leases replacing MFRS 117, Leases from 1 January 2019.

** The amounts presented for 2017 have been adjusted upon adoption of MFRS 15, Revenue from Contracts with Customers on 1 January 2018.

*** The amounts presented from 2016 are for company level as the Company pared down its shareholdings in its subsidiary during year 2017. The amounts presented for 2016 have been restated upon adoption of Amendments to MFRS 127, Equity Method in Separate Financial Statements.

**** The amounts presented for 2015 is for group level.

***** Net debt to equity with lease liabilities included within is recorded at 186.05% as at 31 December 2019.

Share Price and Financial Charts

SHARE PRICE

2019

STOCK CODE: 6599

STOCK NAME: AEON

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
High (RM)	1.57	1.69	1.66	1.53	1.55	1.78	1.83	1.79	1.56	1.66	1.66	1.54
Low (RM)	1.39	1.51	1.43	1.41	1.38	1.48	1.66	1.45	1.45	1.45	1.50	1.41
Volume ('000)	37,415	55,671	18,589	12,108	12,689	33,116	22,393	33,708	10,350	18,685	9,272	16,307

REVENUE

RM million

4,539

4,354

4,123

4,019

3,835



2019

2018

2017

2016

2015

PROFIT ATTRIBUTABLE TO OWNERS

RM million

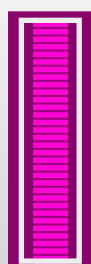
109

105

105

91

133



2019

2018

2017

2016

2015

Chairman's Statement

Dear Valued Shareholders,

**On behalf of the Board of Directors,
I am pleased to present to you
the Annual Report and
Audited Financial Statements
of AEON CO. (M) BHD. for the
year ended 31 December 2019.**

Datuk Iskandar bin Sarudin
Chairman

FINANCIAL PERFORMANCE REVIEW

Malaysia's economy grew 4.3 per cent in 2019 with the slowest pace in the fourth quarter of the year at 3.6 per cent from the softening global demand and the United States-China trade war. Consumer sentiments remained subdued amid rising cost of living concerns, and continuous uncertainties in business outlook and employment.

For 2019, the Company continued to record growth in its performance with a revenue registered at RM4.539 billion or an increase of 4.3% for the financial year (FY) ended 31 December 2019 over FY2018. The higher revenue was mainly due to revenue contributions from newly renovated stores and newly opened specialty stores during the year under review, as well as new stores which were opened in April 2018 and January 2019. The higher growth was however mitigated by the temporary closure of stores for renovation during the year under review and the downsizing of a store at the end of previous year.

The Company's profit before tax for the year of RM196.9 million was 5.3% higher than the previous financial year of RM187.0 million. At net profit level, the Company recorded a better profit after tax of RM109.2 million for the year under review, as compared to the previous year of RM105.1 million, or an increase of 3.9%.

The retail business segment at a revenue of RM3.832 billion in FY2019, registered a good growth of 4.5% over preceding year with a corresponding much improved retailing profit of RM114.6 million compared to previous year of RM51.7 million. The higher revenue were mainly due to the contributions from newly renovated stores and newly opened stores in April 2018 and January 2019 as well as newly opened specialty stores in 2019. As for the better profit achievement, besides higher revenue, it was also due to margin improvement and a result of change in marketing strategies, assortment and pricing under the competitive market.

In FY2019, the Company continued to strategically refurbish its existing stores in order to enhance its customers shopping experience. During the year under review, the Company refurbished and opened its newly renovated stores in Bandar Utama and Taman Maluri shopping centre.

The property management services segment's revenue of RM706.6 million represented a growth of 2.8% over FY2018 mainly due to contributions from new mall openings. It recorded a segmental profit of RM268.7 million which was higher compared to RM209.8 million in FY2018, mainly due to the higher revenue.



Chairman's Statement

As at 31 December 2019, the Company's shareholders' fund, remained strong at RM1.695 billion with a net asset value per share of RM1.21 (FY2018: RM1.44) and an earnings per share of 7.78 sen (FY2018: 7.49 sen). As at financial year ended, the Company's borrowings at RM928.6 million (FY 2018: RM995.42 million) remained manageable.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The Company continues to promote and integrate sustainability into its business operations, aligning with its principle of **"Pursuing Peace, Respecting Humanity and Contributing to Local Communities, Centred on Customers."**

During the year under review, the Company continued to embark on various activities for the benefits of the communities in which it operates. Among others, the Company carried out a major tree re-planting programme at a mangrove swamp in Bidor, Perak, and also continue with its food bank programme for the needy.

PROSPECTS

Our economy which was already facing a slower growth in 2019, is now faced with the Covid-19 pandemic outbreak which put it under further pressure. While we are confident with the government's economic stimulus packages to safeguard the economy from this outbreak impact, uncertainties remains as to how long the outbreak will persist. The outbreak and the necessary movement control order measures to ensure the safety of all, impacted the retail industry significantly as traffic footfalls to shopping malls grind to a standstill, and as all non-essential tenant shops were closed at one time.

While the Company continue to strategize for the future, its immediate focus is to ensure that its core businesses remain resilient in these uncertain times, and to tackle this adverse impact together with its customers, business partners and authorities. We are supportive of the government's moves for our customers and employees' safety and wellbeing. Our supermarkets, being part of essential services, had remained open during these challenging times. The Company has developed innovative ways to reach its customers with its drive-through services, personal deliveries, telemarketing orders and the provision of personal shopper assistance at its stores. On its property management services, the Company is focusing its efforts with operational and marketing initiatives to assist its tenants in their business recovery during this period. The Company remains optimistic that together with its business partners and associates, it will be able to weathered through the current challenges facing the Company and the industry.

DIVIDEND

The Board of Directors is pleased to propose at the forthcoming Annual General Meeting, a final dividend of 4.00 sen per ordinary share for the financial year ended 31 December 2019.

ACKNOWLEDGEMENTS

During the year under review, the Company bade farewell to its Managing Director, Mr Shinobu Washizawa who retired from the Board on 31 December 2019 to take up new assignment in Japan. On behalf of the Board, Management and staff, I would like to wish Mr Shinobu Washizawa the best for his new undertakings and to thank Mr Shinobu Washizawa for his contributions to the Company.

At the same time, on behalf of the Board, management and staff, I would like to welcome our new Non-Independent Non-Executive Director Mr Yasuo Nishitoghe who joined the board on 30 May 2019. Mr Nishitoghe has extensive experience in retail and is in charge of AEON's retail operations in Vietnam. I am confident with his wealth of experience, Mr Nishitoghe will add further strength to the Board.

I would also like to welcome the new Managing Director of the Company, Encik Shafie bin Shamsuddin, who joined the Board on 1 January 2020. Encik Shafie bin Shamsuddin had vast experience in retail, both locally and globally, having served over 16 years with French retailer Carrefour Group, and was the Managing Director of Carrefour Singapore, Carrefour Malaysia and Carrefour Indonesia between 2005 and 2011 before being appointed as the Executive Director, Global Talent Management & Organisational Development of Carrefour Group based in Paris from 2011 to 2012. We certainly believed Encik Shafie, with his long and varied experience in retail industry and management, will further lead and contribute to the success of the Company.

On behalf of the Board, I also wish to take this opportunity to express sincere appreciation to our valued customers, shareholders, business partners, financiers, government authorities and statutory bodies for their continuous support and trust in the Company.

Lastly, to my fellow Directors, thank you for your valuable advice and guidance, and to Management and employees, thank you for your commitment, loyalty, hardwork and dedication for making 2019 a successful year for the Company.

Datuk Iskandar bin Sarudin

Chairman

Board of Directors' Profiles



Datuk Iskandar bin Sarudin

Independent Non-Executive Chairman
Malaysian, Aged 65, Male

Date of Appointment to the Board:

27 February 2017

Number of Board Meeting attended during the year:

6/6

Board Committee(s):

Chairman of Remuneration Committee

Member of Nomination Committee

Academic/Professional Qualification:

B.A. (Hons) of Malay Studies in University of Malaya

Diploma of Public Administration (INTAN)

Directorship(s) in other Public Companies / Listed Companies:

Complete Logistic Services Berhad

Eversendai Corporation Berhad

Datuk Iskandar was appointed to the Administrative and Diplomatic Service of Malaysia as Assistant Secretary (ASEAN) at the Ministry of Foreign Affairs in 1979. In 1983, he was appointed as Second Secretary, Embassy of Malaysia in Jakarta, Indonesia. In 1985, he was appointed as First Secretary, High Commission of Malaysia in Lagos, Nigeria. In 1988, he was appointed as Principal Assistant Secretary (East Asia), Ministry of Foreign Affairs and then as Principal Assistant Secretary (CHOGM), Ministry of Foreign Affairs. In 1991, he was tasked by the Ministry to establish the Embassy of Malaysia in Republic of Chile and was appointed as Counsellor, Embassy of Malaysia, Santiago, Chile. In 1995, he was tasked by the Ministry to establish the Embassy of Malaysia in Sarajevo, Bosnia and Herzegovina and was appointed as Counsellor, Embassy of Malaysia, Sarajevo, Bosnia and Herzegovina. He was the Deputy Director General (ASEAN), Ministry of Foreign Affairs in 1998. From 2000 to 2004, he was appointed as High Commissioner of Malaysia to Sri Lanka and High Commissioner of Malaysia to Republic of Maldives. From 2003 to 2004, he was President of Colombo Plan Organization, Colombo. From 2004 to 2006, he was Ambassador of Malaysia to the Republic of Philippines. In 2006, he was the Deputy Secretary General (Management Affairs) Ministry of Foreign Affairs responsible for service, finance, administration, security, ICT and consular development. In 2010, he was Ambassador of Malaysia to People's Republic of China. In 2015, he has been appointed as the Board member and member of Audit and Risk Management Committee of Perbadanan Perwira Harta Malaysia. He is also the Fellow at the Malaysia Institute of Defence and Security, Ministry of Foreign Affairs since 2016.

Board of Directors' Profiles



Shafie bin Shamsuddin

Managing Director
Singaporean, Aged 49, Male

Date of Appointment to the Board:

1 January 2020

Number of Board Meeting attended during the year:

N/A

Academic/ Professional Qualification:

Bachelor of Business Administration,
Nanyang Technological University, Singapore

Directorship(s) in other Public Companies / Listed Companies:

Petronas Dagangan Berhad

Encik Shafie bin Shamsuddin started his career as a Management Trainee in Carrefour Singapore in 1996. He became the first Asian CEO of Carrefour in the company's history at the age of 35 years old. He has led Carrefour in Singapore, Malaysia and Indonesia for 16 years and held the position of Managing Director and Chief Executive Officer from 2005 to 2011. Encik Shafie has extensive experience in human capital development and the consumer goods industry. He held various operational and commercial executive positions over his 20 years of immersion in the ASEAN region.

From year 2011 to 2012, he was appointed as the Executive Director of Global Talent Management and Organizational Development of Carrefour Group based in Paris. In 2013 to 2019, he was the President Director and Chief Executive Officer of PT Trans Retail Group, based in Jakarta. Since February 2018, he sits in the Board of Petronas Dagangan Berhad as the Independent Non-Executive Director. Encik Shafie is also a Director of AEON Big (M) Sdn Bhd since January 2020. He started his career in AEON, as the Chief Strategy Officer of AEON Asia Sdn. Bhd. from July 2019 until December 2019.



Poh Ying Loo

Executive Director
Malaysian, Aged 58, Male

Date of Appointment to the Board:

26 May 2011

Number of Board Meeting attended during the year:

6/6

Academic/ Professional Qualification:

Fellow of the Chartered Institute of Management Accountants
Member of Malaysian Institute of Accountants

Directorship(s) in other Public Companies / Listed Companies:

Nil

Mr Poh was the Audit Semi-Senior of Ong Boon Bah & Co from 1986 to 1988 and joined Dreamland Holdings Berhad as an Accounts Executive in February 1988. He joined CPC/AJI (M) Sdn Bhd as Assistant Accountant and was the Senior Accountant in June 1996. Mr Poh joined AEON CO. (M) BHD. in July 1996 as the Finance Manager and then promoted as the Financial Controller in 2002. He was the Senior General Manager in charge of Business Support in January 2008 and the Senior General Manager in charge of Corporate Finance and Investor Relations in February 2010. Mr Poh who is previously in charge of the Corporate Management Division is now the Executive Advisor of the Company.

Mr Poh Ying Loo who retires pursuant to Article 74 of the Articles of Association of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the Thirty-Fifth Annual General Meeting.



Hiroyuki Kotera

Executive Director
Japanese, Aged 52, Male

Date of Appointment to the Board:

25 August 2016

Number of Board Meeting attended during the year:

6/6

Academic/ Professional Qualification:

Bachelor Degree in Economics, Ritsumeikan University,
Kyoto, Japan

Directorship(s) in other Public Companies / Listed Companies:

Nil

Mr Kotera joined AEON Co., Ltd in 1991 as Group Leader. He was the Group Leader of AEON Kansai store and AEON Utsumomiya store. In 1994, he was transferred to AEON Mito store as Division Leader. From 1997 to 2003, he was the Line Manager of AEON Kita Ibaraki store, AEON Hitachi Oomiya store, AEON Takanekido store and AEON Sapporo Motomachi store. From 2003 to 2013, he was the Store Manager of AEON Handa store, AEON Minami Matsumoto store, AEON Shimizu store and AEON Funabashi store. In 2013, he was promoted as Regional General Manager of Nishi Kanagawa region. In 2015, he was transferred to AEON CO. (M) BHD. as Senior General Manager in charge of retail business. Mr Kotera who is previously in charge of Retail Business Division is now the Deputy Managing Director in charge of Property Management division of the Company.



Datuk Syed Ahmad Helmy bin Syed Ahmad

Independent Non-Executive Director
Malaysian, Aged 73, Male

Date of Appointment to the Board:

16 April 2013

Number of Board Meeting attended during the year:

6/6

Board Committee(s):

Member of Remuneration Committee

Member of Nomination Committee

Academic/Professional Qualification:

Bachelor of Laws (LL.B) Honours, University of Singapore

Datuk Syed Ahmad Helmy has forty (40) years of experience as legal practitioner and judicial officer in Malaysia and Singapore. Datuk Syed started his legal career in 1972 before starting his own partnership under the name of Yahya Helmy & Co in 1985 and subsequently renamed the law firm to S.A. Helmy & Partners. He was then appointed as High Court Judge for High Court of Malaya – Johor Bahru, High Court Judge for High Court of Malaya – Shah Alam and Court of Appeal Judge for Court of Appeal, Putrajaya in year 2000, 2007 and 2009 respectively. He retired as a Judge in December 2012 and appointed as the Chairman of Advocates & Solicitors Disciplinary Board.

Board of Directors' Profiles



Dato' Tunku Putra Badlishah Ibni Tunku Annuar

Independent Non-Executive Director
Malaysian, Aged 55, Male

Date of Appointment to the Board:

16 April 2013

Number of Board Meeting attended during the year:

4/6

Board Committee(s):

Member of Audit & Risk Management Committee

Academic/ Professional Qualification:

BSc (Hons) in Business Administration

Directorship(s) in other Public Companies / Listed Companies:

Nil

Dato' Tunku Putra Badlishah started his career as Account Manager in J.Walter Thompson Advertising in 1987 and subsequently joined DMIB Berhad as Senior Executive and thereafter was promoted as Marketing Manager. From January 1992 to December 1995, he worked in Sandestin Resort, Florida, United States of America as Manager of Marketing and Development. He joined Kumpulan Sime Darby Berhad Group (KSDB) in January 1996 and had held various senior positions within the KSDB, amongst them act as Senior Manager in Sales & Marketing of Sime Darby Land Sdn. Bhd. (January 1996 to July 2000), General Manager – Sales & Marketing of Auto Bavaria (August 2000 to March 2004), Managing Director of Auto Bavaria (February 2004 to March 2005), Director of Operations of Sime UEP Properties Berhad (April 2005 to December 2005) and Director-Group Property of Sime Darby Berhad – Group Property (January 2006 to October 2007). Dato' Tunku was appointed as the Executive Vice President in Property Development & Strategic Investments, Property Division of Sime Darby Property Berhad from November 2007 to July 2008 and as Managing Director and Member of the Board of Sime Darby Healthcare Sdn Bhd and Sime Darby Property Berhad from August 2008 to July 2011, prior to venturing into his current business practices. Currently, he is the Managing Director of Putra Ventures Sdn Bhd.



Abdul Rahim bin Abdul Hamid

Independent Non-Executive Director
Malaysian, Aged 69, Male

Date of Appointment to the Board:

16 August 2013

Number of Board Meeting attended during the year:

6/6

Board Committee(s):

Chairman of Audit & Risk Management Committee

Member of Remuneration Committee

Academic/ Professional Qualification:

Fellow of the Association of Chartered Certified Accountants

Member of the Malaysian Institute of Certified Public Accountants

Member of the Malaysian Institute of Accountants

Directorship(s) in other Public Companies / Listed Companies:

Petra Energy Berhad

Encorp Berhad

GFM Services Berhad

Encik Abdul Rahim started his career in Coopers & Lybrand (previously known as Cooper Brothers & Co.) in 1971. He rose in the firm to eventually become its Chief Executive in 1993. When the firm merged with Price Waterhouse in 1998 to form PricewaterhouseCoopers, he served as its Deputy Executive Chairman until he retired in June 2004. During the span of more than 3 decades in the firm, he was involved in audit, management consultancy and insolvency practice covering multiple industries including retail and manufacturing, construction, plantation, entertainment and banking in both public and private sectors. He was also appointed to the Council of the Malaysian Institute of Accountants ("MIA") and was elected by the Council to hold office as President. In the education sector, he is an Adjunct Professor of Accountancy at Universiti Malaysia Terengganu; a member of the Senate at Open University Malaysia; a member of Advisory Panel at Universiti Kebangsaan Malaysia and Universiti Putra Malaysia and Industry Adviser at Universiti Tunku Abdul Rahman. He served as President of the MIA (2005 to 2007 and 2009 to 2011) and as President of the ASEAN Federation of Accountants from 2010 to 2011.



Charles Tseng @ Charles Tseng Chia Chun

Independent Non-Executive Director
 Malaysian, Aged 69, Male

Date of Appointment to the Board:

16 August 2013

Number of Board Meeting attended during the year:

6/6

Board Committee(s):

Chairman of Nomination Committee
 Member of Audit & Risk Management Committee

Academic/ Professional Qualification:

Master of Business Administration, The Wharton School, University of Pennsylvania, United States of America
 First Class Honors' Degree in Engineering, The University of Melbourne, Australia

Directorship(s) in other Public Companies / Listed Companies:

Nil

Mr Charles Tseng began his career with Ford Motor Company as a manufacturing engineer in Australia and subsequently held other manufacturing and marketing positions with Ford in Asia. After that, he was with Cold Storage, a leading food and retail company in Southeast Asia, where he was appointed Group General Manager. Prior to joining Korn Ferry, Mr Charles Tseng was with another global search firm, where he was senior partner for East Asia and a member of its board of directors practice group. He was formerly Chairman of the Wharton Asia Executive Board. Presently, Mr Charles Tseng is Chairman, Asia Pacific for Korn Ferry, the global organisational consultancy. He focuses on Board, CEO and leadership issues for organisations and businesses in the Asia Pacific region. He serves on the China Advisory Boards of Eli Lilly and Faurecia; and is also a member of the Melbourne University Asia Advisory Board. He is a Founding Member of the Shanghai Charity Foundation – United Way Advisory Council.

Mr Charles Tseng @ Charles Tseng Chia Chun who retires pursuant to Article 74 of the Articles of Association of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the Thirty-Fifth Annual General Meeting.



Chong Swee Ying

Non-Independent Non-Executive Director
 Malaysian, Aged 56, Female

Date of Appointment to the Board:

23 August 2018

Number of Board Meeting attended during the year:

5/6

Board Committee(s):

Nil

Academic/ Professional Qualification:

Form 6, Tunku Abdul Rahman College, Kuala Lumpur

Directorship(s) in other Public Companies / Listed Companies:

Nil

Ms Chong joined AEON CO. (M) BHD. as Administration staff in 1985. From 1985 to 2002 she was in-charge of various departments including Hardline Merchandiser, Softline Group Leader, Leasing Manager and Senior Manager of Shopping Centre Management. In 2003, she was appointed as General Manager of Shopping Centre and New Business Development. She was appointed as General Manager of Store Operations and Marketing in 2006. In 2011, she was transferred and appointed as the Executive Director of AEON Fantasy (Malaysia) Sdn Bhd. In 2012, she was promoted as the Managing Director of AEON Fantasy (Malaysia) Sdn Bhd and retired from the same position on 1 June 2018. She is then appointed as Advisor to AEON Fantasy (Malaysia) Sdn Bhd since July 2018.

Board of Directors' Profiles



Yasuo Nishitohge

Non-Independent Non-Executive Director
Japanese, Aged 53, Male

Date of Appointment to the Board:

30 May 2019

Number of Board Meeting attended during the year:

5/5

Board Committee(s):

Nil

Academic/ Professional Qualification:

Bachelor Degree of Laws, Kinki University

Directorship(s) in other Public Companies / Listed Companies:

Nil

Mr Nishitoge joined AEON Co., Ltd. in 1989 and appointed as Store Manager of MaxValu Esashi. In May 2000, he was appointed as the Store Manager of MaxValu Kagamihara. He was then promoted as General Manager of MaxValu Division Hokuriku district in 2002. Subsequently, he was transferred to Sanin district and Nagano district in 2004 and 2006 respectively. In 2009, he involved in International Business Strategy team and in October 2011, he was appointed as President and Representative Director of AEON Vietnam Co., Ltd. In March 2019, he was appointed as Chief Officer of ASEAN Business and Executive Officer of AEON Co., Ltd. Currently, he is also the General Director of AEON Vietnam Co., Ltd.

Mr Yasuo Nishitohge who retires pursuant to Article 80 of the Articles of Association of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the Thirty-Fifth Annual General Meeting.

Note: Save as disclosed in this annual report, all the Directors mentioned in pages 7 to 12 have no conflict of interest with AEON CO. (M) BHD. or any family relationship with any Director and / or major shareholder or any convictions for offences within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, except for traffic summons, if any.

Senior Management

as at 30 April 2020

AEON Leadership Council and Advisor



1 SHAFIE BIN SHAMSUDDIN
Managing Director / Chief Executive Officer

His profile is disclosed in the Directors' Profiles on page 8 of this Annual Report.

2 POH YING LOO
Executive Director / Advisor

His profile is disclosed in the Directors' Profiles on page 8 of this Annual Report.

3 HIROYUKI KOTERA
Executive Director / Deputy Managing Director

His profile is disclosed in the Directors' Profiles on page 9 of this Annual Report.

4 SUNNY SETIAWAN
Chief Operating Officer

Ms Sunny, Indonesian, Female, aged 55, holds a Master Degree of Retailing. Joined AEON CO. (M) BHD. in March 2020, has 37 years working experience in retail industry including senior positions in major retailers like PT Matahari Department Store, Indonesia and Central Retail at Indonesia and Vietnam.

5 NOBUTADA HANAOKA
Chief Governance Officer

Mr Hanaoka, Japanese, Male, aged 47. He started his career with AEON Retail Co. Ltd followed by AEON Ibis Co. Ltd. and AEON Big (M) Sdn bhd. Joined AEON CO. (M) BHD. in April 2020. He has more than 25 years of working experience in business administration, accounting and customer services.

6 DR KASUMA SATRIA
Chief Human Resources Officer

Dr Kasuma, Malaysian, Male, aged 48, Doctorate holder. Joined AEON CO.(M) BHD. in April 2020. He has 25 years of working experience in human resource including consultancy and had hold senior positions in multinational companies in the oil and gas sector, manufacturing and technology.

7 HO MIN CHIH
Chief Financial Officer

Ms Ho, Malaysian, Female, aged 48, Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA). Joined AEON CO. (M) BHD. in April 2020. She has 22 years of finance and accounting working experience with companies in FMCG, construction and retail sectors in particular retailers dealing in high end products.

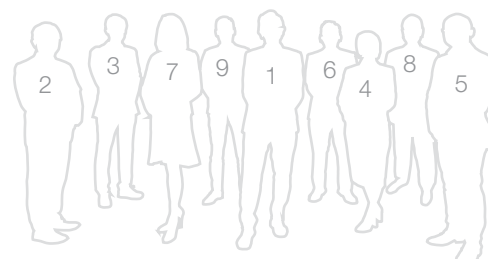
8 DJONI HERLABANG
Chief Technology Officer

Mr Djoni, Indonesian, Male, aged 53, MBA. Joined AEON CO. (M) BHD. in April 2020. He has 35 years of IT working experience in retail industry and e commerce and has worked with major retailers in Indonesia, Hong Kong, Singapore, Malaysia, Sri Lanka, India, Vietnam, Philippine, Cambodia and Myanmar.

9 LEE BENG BENG
Chief Property Officer

Mr Lee, Malaysian, Male, aged 50, holds a Diploma in Business and Management. Joined AEON CO. (M) BHD. in March 2020. He has more than 25 years of retail working experience in leasing, marketing, malls operation and property management.

Note: Save as disclosed in this annual report, all senior management mentioned in this page have no conflict of interest with AEON CO. (M) BHD. or any family relationship with any Director and/or major shareholder or any convictions for offences within the past 5 years, except for traffic summons, if any.



Management Discussion and Analysis

OVERVIEW OF BUSINESS AND OPERATIONS

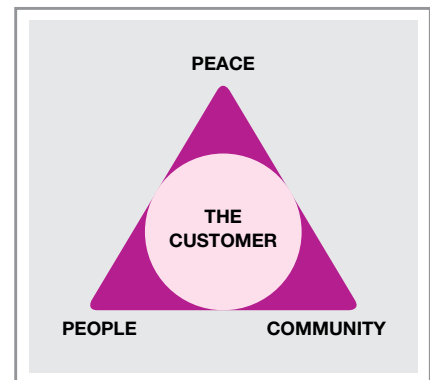
AEON CO. (M) BHD. is a leading retailer in Malaysia with a total revenue of RM4.539 billion for the financial year (FY) under review. The Company was incorporated on 15 September 1984. AEON CO. (M) BHD. (AEON or the Company) was first set up in response to the Malaysian Government's invitation to AEON Japan to help modernize the retailing industry in Malaysia. The 'AEON' name today is well established among Malaysians especially due to its association with the international AEON Group of Companies. AEON has established itself as a leading chain of General Merchandise Stores (GMS), supermarkets and malls. 2019 marked the Company's thirty fifth (35th) year of operation in Malaysia.

AEON BASIC PRINCIPLES

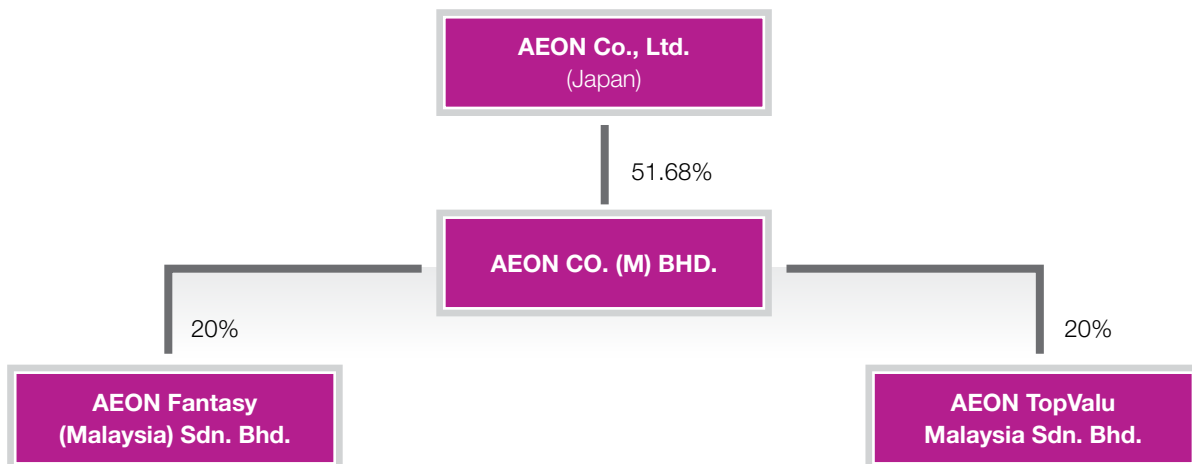
Pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view as its core.

At all times, in every market, AEON's activities are guided by its unchanging '**Customer First**' philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services that enhance the shopping experience to make customers smile every time they shop.

In the spirit of the name AEON, which means eternity in Latin, AEON's goal is to work together endlessly with its customers, suppliers, business partners, shareholders and the community to create a future of limitless promises. All this is encapsulated in the tagline "**AEON Enriching Your Lifestyle**".



CORPORATE STRUCTURE



AEON CO. (M) BHD.'s holding company during the financial year is AEON CO., Ltd., a company incorporated in Japan and holds 51.68% equity interest in the Company.

AEON Co., Ltd. is part of the AEON Group of Companies in Japan which consists of AEON Co., Ltd. and over 300 consolidated subsidiaries and affiliated companies who are engaged mainly in the retail business as well as financial services, shopping centre development, other businesses and services. The AEON Group of Companies in Japan is an integrated Japanese retailer and is active not only in Japan but also throughout ASEAN and China.

There were no changes in the composition of the Company during the current financial year.

BUSINESS AND OPERATIONS

AEON is principally engaged in the retail operations of a chain of departmental stores, supermarkets, pharmacies selling a broad range of merchandise from clothing, food, household products, pharmaceutical products, other merchandise to the property management services of malls.

AEON's business model on its premises basically involves the operations of the retailing business as an anchor departmental store cum supermarket, and is complemented by the shopping mall operations and its other specialty businesses such as pharmaceutical and flat price shops. In some instances, the Company operates standalone neighborhood supermarkets and also departmental store cum supermarket as an anchor tenant in third parties' malls. As at 31 December 2019, the Company operates a total of thirty four (34) departmental stores cum supermarkets and the Company also manages and operates a total of twenty eight (28) shopping malls. At present, the stores and malls are diversely spread out geographically in Malaysia.

Location of Operations

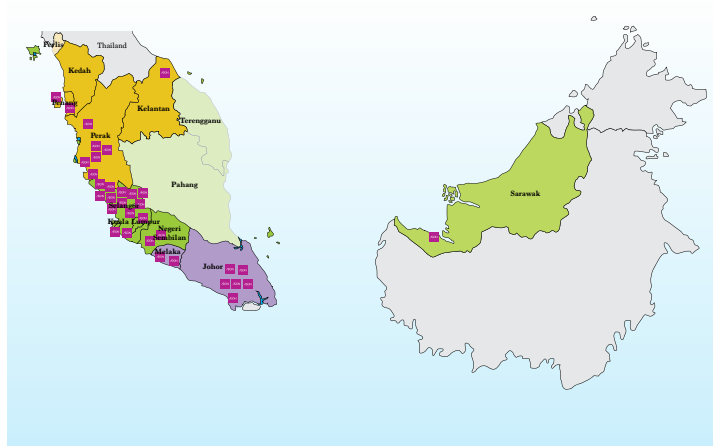


Table 1: AEON's 5 years mall trend as at 31 December

Year	2015	2016	2017	2018	2019
Existing malls (beginning of the year)	23	24	26	26	27
Opened during the year	1	2	1	1	1
Closed during the year	–	–	(1)	–	–
Number of malls as at year end	24	26	26	27	28
– Number of malls fully owned (Including land)	13	14	14	14	14
– Number of malls fully leased (Including land)	9	9	9	10	10
– Number of malls where land is leased (only building is owned)	2	3	3	3	4

In addition to the stores and malls, the Company also operates smaller scale businesses with MaxValu standalone supermarket business, Wellness pharmaceutical business and Daiso flat price shops. The MaxValu Prime or AEON neighbourhood supermarkets, on an average scale range of 1,500 to 3,100 square meters each, target to provide convenient shopping to the residents in the vicinity where the outlet is located. As at 31 December 2019, there are nine (9) MaxValu Prime and AEON neighbourhood outlets.

As for its pharmaceutical business and flat price shops, as at the end of the financial year under review, AEON operates a total of seventy five (75) outlets of Wellness pharmacy shops and forty three (43) Daiso outlets.

Management Discussion and Analysis

CUSTOMER PROFILE AND VALUE PROPOSITION

The Company targets the middle income residential families as its main customers. AEON's stores are mostly situated in suburban residential areas, catering to Malaysia's vast middle income group.

AEON's value proposition is to provide a one stop destination for its customers with quality merchandise at affordable prices and complemented by good food, entertainment and services. The aim is to provide an overall engaging shopping experience for the customers, all under one roof and in a convenient and conducive shopping environment supported by variety of tenants, good facilities and services.

To this end, AEON constant interior refurbishment to its stores and malls provides a continuously refreshing image and appeal that seek to satisfy the ever changing needs and desires of its customers.

ANALYSIS OF FINANCIAL RESULTS



In 2019, economic growth remained subdued globally due to trade tensions and other geopolitical uncertainties. Malaysia as a highly open economy was affected by these developments and on the domestic front, the sentiments were equally subdued. Malaysia posted its worst quarterly GDP growth of 3.6% in the last quarter of 2019 and the Government had sought to keep inflation low and maintained interest rates that supports sustainable economic activity.

On the back of this slowing economy, AEON's revenue performance for the year under review remains commendable as it managed its businesses under the subdued consumer sentiment environment.

For the year ended 31 December 2019, the Company recorded a total revenue of RM4.539 billion, which represented an increase of 4.3% as compared with the previous corresponding year of RM4.354 billion, mainly due to revenue contributions from newly renovated stores and newly opened specialty stores during the year under review as well as new stores and malls which were opened in April 2018 and January 2019. The higher growth was however mitigated by the temporary closure of stores for renovation during the year under review and the downsizing of a store at the end of previous year.

	Current year ended 31 Dec 2019 RM'000	Preceding year ended 31 Dec 2018 RM'000	Changes (%)
Revenue	4,538,884	4,353,640	4.3%
Profit from Operations	358,723	239,690	49.7%
Profit Before Tax	196,887	187,038	5.3%

The profit before tax of RM196.9 million was 5.3% higher than the previous financial year of RM187.0 million.

During the year under review, the Company adopted MFRS 16, Leases which is effective from 1 January 2019. MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under MFRS16, a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

Thus, majority of its lease payments are no longer recognized as rent expenses. Instead, the lease payments for the entire lease term are quantified, discounted to present value and capitalized as right-of-use (ROU) asset with corresponding lease liabilities. ROU asset are then depreciated over the lease term and charged out to profit and loss statement together with the lease interest expenses. No significant impact is expected for leases in which the Company is a lessor.

After adjusting for the adoption of MFRS 16 and Amendments to MFRS 123 which relates to capitalization of borrowing costs, and taking into account share of operating loss of its associate, Index Living Mall Malaysia Sdn. Bhd. (“Index”) in preceding year corresponding period, profit before tax for current financial year recorded at RM222.6 million, an increase of 6.6% compared to the preceding financial year of RM208.8 million (table below). The higher profit before tax for the financial year was mainly due to higher revenue growth compared to preceding financial year.

	Current year ended 31 Dec 2019 RM'000	Preceding year ended 31 Dec 2018 RM'000	Changes (%)
Profit Before Tax	196,887	187,038	5.3%
Add Back/(Deduct)			
MFRS 16 Impact			
– Lease rental	(266,024)	-	
– Right-of-use asset depreciation	163,726	-	
– Lease interest	122,335	-	
– Right-of-use asset impairment	10,567	-	
MFRS 123 Amendment Impact	(4,824)	-	
Profit Before Tax exclude MFRS adjustments	222,667	187,038	19.0%
Share of Index’s operating loss	-	21,751	
Profit Before Tax after adjustments	222,667	208,789	6.6%

At the net profit level, despite under the MFRS 16 environment, the Company achieved a better profit after tax of RM109.3 million for the year under review (FY 2018: RM105.1 million) which represent a growth of 3.9% over the previous year performance.

As at 31 December 2019, the Company’s shareholders’ fund, taking into adjustments due to MFRS16, remained strong at RM1.696 billion with a net asset value per share of RM1.21 (FY2018: RM1.44) and an earnings per share of 7.78 sen (FY2018: 7.49 sen). As at financial year ended, the Company’s borrowings at RM928.6 million remained manageable.

The Company’s past 5 years performance, financial position and financial indicators are shown on page 3 and 4 of this annual report.

Management Discussion and Analysis

SEGMENTAL PERFORMANCE

Table 2: Breakdown of segmental revenue

Segmental revenue	2015* RM mil	%	2016** RM mil	%	2017*** RM mil	%	2018 RM mil	%	2019 RM mil	%
Retailing	3,288.83	86	3,417.68	85	3,458.98	84	3,666.31	84	3,832.25	84
Property Management Services	545.81	14	601.01	15	664.37	16	687.33	16	706.64	16
Total	3,834.64	100	4,018.69	100	4,123.35	100	4,353.64	100	4,538.89	100

* The amounts presented for 2015 is for group level.

** The amounts presented for 2016 have been restated upon adoption of Amendments to MFRS 127, Equity Method in Separate Financial Statement.

*** Comparative figure for 2017 has been adjusted upon adoption of MFRS 15, Revenue from Contracts with Customers.



RETAILING FINANCIAL RESULTS

Total revenue registered by the retail business segment for the financial year under review of RM3.832 billion was higher by 4.5% compared to RM3.666 billion recorded in the preceding year mainly due to contributions from newly renovated stores and newly opened stores in April 2018 and January 2019 as well as newly opened specialty stores in the year under review. The higher growth was however mitigated by additional stores renovation in the year and downsizing of a store at the end of 2018. On same scale basis, the retailing segment enjoyed a 1.8 per cent growth over the previous financial year.

Besides the MFRS 16 impact, the retailing segmental profit of RM114.6 million was higher as compared to RM51.7 million segmental profit recorded in the preceding year mainly due to higher revenue and better margin as a result of change in marketing strategies, assortment and pricing under the competitive market. After adjusting for the adoption of MFRS 16 impact excluding lease interest component (as shown in the table below), retailing segmental profit remained high at RM98.9 million as compared to the preceding year of RM51.7 million



	Retailing		Property Management Services		Total	
	12 months ended		12 months ended		12 months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segmental profit	114,617	51,727	268,799	209,831	383,416	261,558
MFRS 16 Impact:						
– Rental	(51,215)	–	(214,187)	–	(265,402)	–
– Right-of-use asset depreciation	35,526	–	127,729	–	163,255	–
Segmental profit exclude MFRS 16 adjustments	98,928	51,727	182,341	209,831	281,269	261,558

PROPERTY MANAGEMENT SERVICES FINANCIAL RESULTS

Revenue from its property management services segment for financial year under review of RM706.6 million recorded a growth of 2.8%, compared to the preceding year of RM687.3 million. The increase was mainly due to contributions from new shopping malls which were opened in April 2018 and January 2019. Under the tough operating environment, on same scale basis, property management services income was only marginally lower by 1.0% for the year under review. Nevertheless, AEON managed to sustain an average occupancy rate of 90.7% for the year under review.



Segmental profit from property management services of RM268.8 million was higher as compared to RM209.8 million recorded in the preceding year mainly due to MFRS 16 impact. However, after adjusting for MFRS 16 impact excluding lease interest component, segmental profit was recorded at RM182.3 million (as shown in the table above) which is lower than preceding year of RM209.8 million mainly due to higher operating expenses growth especially rental, utilities and depreciation as compared to income growth.

Property management services continued to provide steady income for the Company and remains the pillar for the Company's operating profit amid difficult challenging environment and increasing cost of doing business.

ASSET, LIQUIDITY AND CAPITAL RESOURCES

As stated earlier, the Company adopted MFRS 16, Leases effective from 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees whereby a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

The Company has adopted the MFRS 16 leases standard using modified retrospective approach, under which the cumulative effect of initial recognition is recognized in retained earnings. The following table shows the impact of changes to the statements of financial position of the Company resulting from the adoption of MFRS 16, Leases as at 1 January 2019:



Management Discussion and Analysis

	As at 31 December 2018 RM'000	Initial recognition RM'000	As at 1 January 2019 RM'000
Non-current assets			
Right-of-use assets	–	1,811,501	1,811,501
Deferred tax assets	2,242	117,616	119,858
Non-current liabilities			
Lease liabilities	–	(2,159,771)	(2,159,771)
Current liabilities			
Lease liabilities	–	(141,796)	(141,796)
Equity			
Distributable retained earnings	(1,248,352)	372,450	(875,902)

As at end of December 2019, the Company's Right of Use asset and lease liabilities recorded at RM1.772 billion and RM2.293 billion respectively.

The Company recorded a much lower capital expenditure of RM274.2 million for the year under review (2018: RM522.2 million) as it focused more on refurbishment and maintenance of its existing malls and stores and expansion of its specialty store businesses. The refurbishment and expansion of AEON Bandar Utama general merchandise store and AEON Taman Maluri Shopping centre were fully completed by May and November 2019 respectively. Earlier in January 2019, the Company had opened its new AEON Mall Nilai, Negeri Sembilan.



The Company's property, plant and equipment net book value as at the end of December 2019 was recorded at RM3.647 billion (2018: RM3.699 billion) after taking into account the lower capital expenditure, impairment loss and depreciation for the year.

The Company continued to record consistent operating cash flows over the past 5 years in line with its revenue growth from its core activities. Despite the challenging environment and higher cost of doing business, the earnings before interest, tax, depreciation and amortization (EBITDA) under the new MFRS 16 environment showed a strong EBITDA of RM843.4 million (2018: RM 532.5 million) for the year under review.

As at 31 December 2019, the Company's shareholders' fund, after taking into account the initial recognition of MFRS16 impact, remained strong at RM1.696 billion with a net asset value per share of RM1.21 (FY2018: RM1.44) and an earnings per share of 7.78 sen (FY2018: 7.49 sen). As at financial year ended, the Company's borrowings at RM928.6million remained manageable. Given the available financing facilities and the ability of the Company to generate sufficient operating cash flows, the Company's liquidity remains manageable.

REVIEW OF OPERATIONS

In 2019, retail industry continued to be very competitive as consumer sentiments remained cautious and retailers intensify the competition with aggressive promotions and pricing to protect or capture their share of the market. This was further exasperated by the increased in new retail space and the continuous higher cost of doing business which resulted in industry consolidation as affected retailers choose to downsize their businesses in order to survive. AEON leveraging on its brand name and established presence had continued to focus on its competitive strengths and core businesses' ability to deliver quality customer shopping experiences for its sustainability.

RETAILING BUSINESS

Though Malaysian economy grew at a moderate pace of 4.3% in 2019, its GDP growth for the final quarter was low. Global economic growth had slowed down due to trade tensions and other geopolitical uncertainties. Malaysia was affected by these external developments which further affects domestic economy and sentiments.

For 2019, the Company continued to record growth in its retailing segment performance with a revenue registered at RM3.83 billion or an increase of 4.5% for the financial year (FY) ended 31 December 2019 over FY2018. The higher revenue was mainly due to revenue contributions from newly renovated stores, newly opened specialty stores as well as new stores openings during the year under review.

AEON Kuching store which opened in April 2018 recorded a full year contribution in 2019 with a growth of 14.7% and the opening of the Company's 35th general merchandise store on 17 January 2019 in Nilai, Negeri Sembilan further contributed to the growth.



AEON Taman Maluri renovation and refurbishment was also completed during the year with the supermarket opening in August 2019 followed by the complete opening of the general merchandise store in November 2019. The higher growth in retail revenue was however mitigated by the temporary closure of stores for renovation during the year under review such as AEON Bandar Utama's general merchandise store, Taman Maluri store renovation and the downsizing of AEON Quill City store in 2018. On same store basis, the Company recorded a higher performance by 1.8% with mixed individual store performance results, characterized by the local operating conditions, competition, and age of the stores as well as refurbishments during the year to cater to changing consumer demands.



AEON stores in Tebrau City, Queensbay and Bandar Sunway enjoyed growth ranging from 7.5% to 16.3% after their refurbishment in earlier years. AEON Kota Bahru store which opened its doors three years ago also enjoyed a strong growth of 11.4% in 2019 as it further established itself in the east coast of peninsular Malaysia.

AEON Bandar Utama, despite disruption from the refurbishment of its general merchandise store during the early part of the year, still enjoyed a growth of 11.1 % for the year under review after its newly refurbished supermarket opened in December 2018. However, AEON Taman Maluri store which undertook major refurbishment during the year under review recorded lower performance by 16.3 %.

Revenue performance of other AEON existing stores in Bukit Indah, Bandar Puchong, Cheras Selatan, Rawang, Ipoh Station 18, Seri Manjung, Taiping and Bukit Mertajam also showed good growth ranging from 4.0% to 8.5% for the year under review. Stores in Melaka, Bandar Dato Onn, Ipoh, Taman Equine, Kulai and Seremban 2 enjoyed moderate growth ranging from 1.7% to 3.7% while existing stores of Bandaraya Melaka, Shah Alam and Klebang could only performed marginally better ranging from 0.2% to 0.8% as the overall weaker consumer sentiment, competition and surrounding infrastructure developments affected them.



Management Discussion and Analysis

Similarly, stores' performance in AU2, Wangsa Maju, Mid Valley, Taman Universiti, Permas Jaya, Metro Prima and Falim registered lower performances ranging from 1.2% to 6.3% against their previous year's performance. AEON stores in Bukit Tinggi which was faced with infrastructure development around its store and the ageing AEON Bandar Baru Klang store also registered lower performances by 4.3% and 8.3% respectively.

During the year under review, the Company further expanded its neighbourhood store format of MaxValu with the openings of new stores at Palm Mall in Seremban, Selayang Mall, Kuala Lumpur and at Danga Bay, Johor Bahru. MaxValu Desa Park City, Kuala Lumpur which was closed for renovation and refurbishment for major part of the year was reopened in December 2019. For the MaxValu supermarket and neighbourhood store operations, the Company registered a total revenue of RM98.8 million which was slightly lower by 3.3% compared to the previous year of RM102.1 million mainly due to the temporary closure of the outlet in Desa Park City for renovation.

The Company's other retail business categories of AEON Wellness pharmacies and Daiso flat price shops, continued to expand with opening of new outlets during the year under review. AEON Wellness revenue recorded at RM180.2 million (2018: RM161.2 million) with a growth of 12.3% compared to last year (Wellness same Scale: 0.4%) whereas Daiso recorded revenue of RM115.1 million (2018: 101.7 million) with a growth of 13.2% (Daiso same Scale: 0.5%). Both remained marginal in contributions to the total Company's revenue.

PROPERTY MANAGEMENT SERVICES



The Company's property management services business remains very challenging in the year under review mainly due to reasons such as the subdued consumer sentiments which resulted in lower footfall to the malls, higher competition in part due to the increase in supply of retail space, ageing malls and the ever rising cost of managing and maintaining the malls.

The industry continued to witness tenant businesses consolidation as tenants closed down underperforming outlets, held back new shop openings and tried to manage operation costs through seeking lower rental or rebates. Mall rental rates in general had moderated over the recent years as increased retail space resulted in competitive rental rates and other packages being offered by mall owners to maintain and sustain occupancy rates in their malls.

The Company in facing these challenges, had continued to leverage on its own competitive strengths to sustain occupancy rates and income in its malls without compromising on its mall objective of being the preferred shopping destination for shoppers. The Company's average tenant mix concentration for the year under review, remained well managed and balanced reflecting its market positioning as family-centric malls.

The Company's property management services revenue at RM706.6 million recorded a growth of 2.8%, over the previous year of RM687.3 million. The higher growth was mainly due to contributions from new shopping malls which were opened in April 2018 and January 2019. Under the tough operating environment, on same scale basis, property management services income, with an average occupancy rate of 90.7%, remained commendable with only a marginally lower performance of 1.0 % for the year under review.



The Company remained focus on refurbishment of its existing malls in 2019 as part of its plan to ensure that its malls continue to remain relevant and provide new refreshing shopping experiences to its shoppers. During the year under review, the Company completed a major revamp of its AEON Taman Maluri Shopping Centre with its full opening in November 2019.

The Company had continued with its efforts to maintain its business competitiveness by introducing new category of tenants into its malls, rezoning the layout of its existing malls to bring in fresh tenant mix, working jointly together with its tenants on upgrade and promotion activities, and offering competitive package rates including variable element to its tenants.

Revenue from the property management services segment was further boosted by contributions from AEON Mall Nilai which was opened at the beginning of the year, and AEON Mall Kuching which was opened in previous year and operated for a full year in the year under review.

PROSPECTS AND OUTLOOK

Malaysia will have to brace for deeper economic contraction in 2020 as the country, just like the rest of the world, continue to battle the COVID -19 pandemic. Economic growth forecast for 2020 is downward as the country imposed pandemic containment measures to battle the disease and protect public safety and health. The prolonged Movement Control Order (MCO) dragged economic activities down as businesses faced operational constraints and shutdown which in some cases resulted in loss of employment or pay cuts for employees. Despite the stimulus packages by the Government and that certain essential sectors or businesses were being allowed to operate or open in stages, it remains a big challenge to keep the economy going as the country and the world continue to face uncertainties and adjust to the new normal of doing business and way of life.

Retail industry is severely impacted under the current environment as consumers stay home and shops remained closed or partially closed to control the spread of the disease. It is also unlikely that the retail industry will experience an immediate strong post-MCO recovery as consumers adjust to the new normal where shopping, entertainment, leisure and dining will no longer be the same like before. Businesses will have to acknowledge and accept these challenges and develop proactive measures to deal with them.



There is likely to be greater awareness and consciousness among consumers on the need to be safe as they return to shop. Social distancing measures are likely to be practiced and become an acceptable way of life for shoppers. COVID-19 and prolonged stay at home had also encouraged more consumers to shop online which further increase competitive threat for brick and mortar retail businesses.

During the COVID-19 period, the Company had quickly put into place its business contingencies plan and rethink of strategies to manage its businesses. While the Company need to comply with MCO and not open its general merchandise stores, the Company had strived to ensure that its supermarkets and pharmacies, being part of the essential services that were allowed to open, continued to serve the communities surrounding its stores.

AEON as a leading retailer in the country, had embarked on a few innovative business initiatives during the MCO period, whereby besides incorporating into its business operations all the safety and health measures that were recommended, it had also taken the opportunity to enhance and showcased its customer services by providing drive through services, personal shoppers on the selling floor and delivery services to customers' homes.



The Company, through its synergistic collaboration with other AEON group companies in Malaysia will further leverage on the AEON loyalty membership base to boost its revenue. The group offer customers a digital payment instrument incorporating customer loyalty programme with features, benefits and integration of loyalty points issued under the AEON Member Plus Card and AEON Wallet.



Management Discussion and Analysis



AEON in 2020 will continue with these efforts and be fully focus on ensuring that its core businesses remain resilient and be sustainable under the circumstances and environment permitted.

COVID-19 had provided the Company's supermarket business with the opportunity of getting new customers as a result of the closure of the wet markets temporarily and the imposition of the travel distance restrictions. It had also allowed the Company to gain an insight into customers purchasing behaviour during the crisis versus normal times. The Company's valuable experience from its supply chain management and new supply sources during this period had allowed the Company to be better prepared going forward in terms of merchandise assortment that meets the needs of its customers.

As for its general merchandise stores which represent discretionary and commodities merchandise, the challenges are likely to be more severe as the sector try to anticipate the changes in shoppers buying behaviour post MCO and the threat of new competitors and retail formats.

The Company remains mindful of the above challenges and the need to capture opportunities under the new normal shopping behaviour and lifestyle, and that are likely to require new merchandise assortment trend. The increase in stay-at-home and cook-at-home lifestyles had provided the Company with business opportunities for electrical, audio-visual, cooking utensils and small appliances, and the increase in work-from-home hours also increase opportunities for the Company's categories like stationeries and multimedia. The Company will leverage on its strengths and experience gained during this period to re strategize its merchandise assortment and promotions to attract shoppers. The increase in online transactions by shoppers also means that the Company will need to accelerate its e commerce digitalisation initiatives to stay competitive and relevant.

As for its pharmacies and flat price business, the Company intend to leverage on its experience from serving and managing changing customers' behaviour during this COVID-19 period to reposition its business strategies. For Daiso, the new preferred stay-at-home lifestyles trend will enable Daiso to provide shoppers with lifestyle merchandise that will enhance their home living experience. For Wellness, with consumers' higher awareness of personal hygiene, safety and the need to stay healthy, AEON Wellness is in position to leverage on this new lifestyle behaviour trend to provide better and more appropriate merchandise assortment that will cater to these needs.

Property management services business had been tough even before COVID-19 due to the subdued consumer sentiments. Retail mall space has risen considerably in 2019 with the opening of a few major malls in Klang Valley and in Johore which intensified competition in this sector. There is still so much uncertainty of how long the pandemic will last and with movement restrictions orders and temporary closure of non-essential businesses it had severely affected the property management businesses including for the Company. It is expected that business will remain tough for mall owners and tenants alike as the pace of economic and consumption recovery will inevitably slow down even after pandemic is contained.

The Company's immediate focus now are on measures to assist its tenants to recover their businesses for a win-win situation. Besides rental waiver, the Company is looking into providing operational and marketing assistance to its tenants so that the tenant businesses, post MCO, can return to their normal operation level as much as possible and as soon as possible. The Company's focus in 2020 remains on ensuring that it will still be able to sustain its current occupancy rate of 86 % though the possibility of shift in tenant mix and change in occupancy rate is there, post COVID-19, as some tenants may choose to consolidate their business and exit the retail scene.

Going forward, the Company will restructure its business processes and organisation to operate under the new business environment that encompass the new normal in customers' lifestyles. The Company aims to enhance the culture of entrepreneurship spirit in the organisation, focus on enhancing its existing core business models, and at the same time leverage on the Company's competitive edge to create new business models that meets its customer needs. As part of the Company's mid-term strategic plan to continuously stay competitive and ensure that its businesses remain sustainable, the Company will further speed up its digitalisation initiatives to better understand customers' needs and create new business opportunities. To this end, the Company had strengthened its management team to include more professionals that have the relevant core competencies and possess diverse local and global experiences to continuously drive the Company forward.

As the Company's current focus will be on recovery and sustainability of its businesses as well as cost optimisation initiatives under the challenging environment, the Company's strategic plan for its business expansion and capital expenditure for the year will be kept to a minimum to allow the Company to re-strategize and optimize its resources. The Company's financial profile remains healthy despite only marginal drop in level of borrowings as compared to previous year. The Company's ability to generate internal funds and its available financing facilities will continue to position the Company with sufficient liquidity for its working capital needs and its revised capital expenditure plan.



The Company's businesses are generally exposed to the economy, business and retail market risks such as economic cycles, consumer sentiment, pandemic outbreak, law enforcement, movement restriction control, changes in consumer behavior, rising cost of living, competition, new retail formats, online e-commerce, regulatory changes, compliance and approvals, financing, new stores and new markets, unforeseen incidents as well as other changes in business and operating conditions. These risks may affect the Company's business and operation including revenue and profitability performance.

The Company seeks to limit these business risks through, amongst others, prudent management policies, business continuity and contingency plan, continuous review and evaluation of the Company's operation and strategies, enhancing its business models and format, close working relationships with the Company's partners and stakeholders especially the community in which it operates, the government authorities, continuous merchandise assortment innovation and changes, creating new business opportunities, ensuring continuous high level of customer services, constant store refurbishments, proper and well-maintained facilities and amenities, ensuring right tenant mix, human resource development, retention of key management staff, digitalization initiatives in line with industry trends, compliance with authorities requirements and providing a safe environment for shoppers and employees.

DIVIDEND

The Company's dividend trend and payout is as reflected in the table below.

Dividend Table	2015	2016	2017	2018	2019
Net dividend	56,160	42,120	56,160	56,160	56,160
Net dividend per share (sen)	4.00	3.00	4.00	4.00	4.00
Payout ratio (%)	42.1%	*46.3%	53.5%	53.4%	51.4%

Note :

* 2016 has been restated upon adoption of Amendments to MFRS 127, Equity Method in Separate Financial Statement.

The Company's dividend payment may vary and is subject to the Company's level of cash, indebtedness, retained earnings, business operations, financial performance, prospects, capital expenditure, current and expected obligations and such other matters as the Board may deem relevant from time to time.

Malaysian AEON Foundation

‘**With All Our Hearts**’ Malaysian AEON Foundation (MAF) is the charity arm of which AEON CO. (M) BHD., AEON Credit Service (M) Berhad, AEON Big (M) Sdn. Bhd. and its business partners play major roles in running all of its main charity events and community services, in making contributions and fund-raising activities. The Foundation, which started up as charity fund, has been operating for over 10 years and benefits many Malaysian in need especially children. AEON is the first retailer that has its own charity foundation in Malaysia. To date, the Foundation has contributed over **RM11 million** for worthy causes in line with its mission.



OUR MISSION

- To be continuously involved in fund-raising activities and events for the benefit of all Malaysians; irrespective of race, religion and creed with special focus on the needs of children.
- To provide financial aid to those with greatest needs, especially in the area of education, living environment and medical assistance. We also aim to provide activity-based resources to guide people away from today's social ills.
- To give the children of Malaysia the opportunity to discover their selfworth and develop themselves to their fullest potential so that they can live more meaningful lives.

THE PILLARS OF MALAYSIAN AEON FOUNDATION



FESTIVE CELEBRATIONS

CHINESE NEW YEAR – ‘SPREAD OUR LOVE’

16 February 2019 – Malaysian AEON Foundation (MAF) hosted 150 children and 80 underprivileged single parents and old folks at Kompleks Sukan Bandar Tun Razak in Kuala Lumpur to celebrate Chinese New Year lunch during the ‘Spread Our Love’ 2019 Chinese New Year Celebrations. The children were also treated to a shopping session at AEON MALL AU2 and AEON Bandar Puchong stores. This year, the ‘Spread Our Love’ Chinese New Year Celebrations 2019 donations worth RM57,422 were distributed to those in needs.



AEON MESRA RAMADAN

Kota Bharu, 18 May 2019 – A nationwide AEON Mesra Ramadan event began with a kick off ceremony at AEON MALL Kota Bharu, followed by similar ceremonies at another 11 AEON malls across the country. A total of 570 children and 38 single mothers were invited to shop for their baju raya at AEON stores in these malls. A further 8 AEON Stores and 3 AEON BiG outlets also hosted and celebrated this AEON Mesra Ramadan event with yet another group of more than 400 children at their stores. A total of RM113,924 was donated to the children and single mothers for this event.



REMEMBERS THE LESS FORTUNATE DURING DEEPAVALI

Kluang, 19 October 2019 – AEON Mesra Deepavali extended its reach to underprivileged community in Kluang whereby MAF treated underprivileged children to a two-hour shopping excursion at AEON BiG Kluang, followed by sumptuous lunch, fun group activities and ang pow giving session at the Four Seasons Ruli Hotel. Simultaneously, there were also shopping sessions for another 431 children from surrounding neighborhood of stores of AEON BiG Kepong, AEON BiG Bukit Rimau, AEON BiG Bukit Minyak, AEON BiG Klang, AEON Mall Metro Prima, AEON Mall Rawang, AEON Mall Kulai, AEON Mall Nilai and AEON Mall Klebang on the same day. A total of RM68,294 were donated and spent for the children.



Malaysian AEON Foundation

AEON MESRA CHRISTMAS

Kuala Lumpur, 5 December 2019 – MAF organized a nationwide Christmas shopping event at its Taman Maluri Shopping Centre, and at nine other AEON and AEON BIG outlets across the country. A total of 406 children were invited to shop for presents and clothes at the malls. Apart from the shopping activities at AEON Taman Maluri store, children were entertained by games at AEON's indoor entertainment centre Molly Fantasy. The children were also treated to lunch and given cash gift. A total of RM78,213 was donated through the event.



FUNDRAISING ACTIVITIES

AEON CHARITY RUN & RIDE 2019

Nilai, June 16, 2019 – In conjunction with MAF 15th anniversary, MAF kicked-off its first Charity Run & Ride at AEON Mall Nilai. More than 800 individuals with the support of friends and families participated in the run. The run is divided into two categories, the 6KM Run and the 18KM Bike Ride. A total of RM 100,000 were donated to 10 selected charity homes on that day. A total of eight valuable sponsors contributed towards the success of the charity event. This community event was witnessed by YAB Dato' Seri Haji Aminuddin bin Harun, Menteri Besar of Negeri Sembilan accompanied by YB Dato' Dr. Razali Bin Ab Malik, Negeri Sembilan State Secretary.



CHARITY GOLF 2019

Kuala Lumpur, 17 Oct 2019 – A total of 103 AEON Group Malaysia business partners took part in this Charity Golf event, raising RM 115,966 along the way. During the event, MAF hand over a donation of up to RM 10,000 each to six disabled sports societies; Special Olympic Selangor, Malaysian Deaf Sports Association, Malaysian Blind Sports Association, Persatuan Catur Orang Kurang Upaya Malaysia, Wheelchair Tennis Malaysia and Malaysian Wheelchair Basketball Federation – that were present that evening.



MALAM MESRA AEON 2019 – CULTURAL NIGHT

Kuala Lumpur, 11 November 2019 – At a colourful cultural event held at Mandarin Oriental Hotel, Kuala Lumpur, MAF, AEON Group of Companies together with their business partners and associates in Malaysia, celebrated the Foundation’s 15th anniversary by showcasing the many cultures of Malaysia while raising funds towards the educational requirements of children in need for the 2020 school year. AEON shared the captivating beauty of the different Malaysian cultures with guests including Japanese community who came in their best national and traditional dress to ‘bermesra’ and celebrate the friendship of more than three decades between Malaysia and Japan. The dinner also donated RM192,150 respectively to 8 children homes: Damo Children’s Homes Kluang, Rumah Bakti Nur Syaheera Kuala Lumpur, Cross Community Berhad Kluang, The Trinity Community Children’s Home Selangor, YouShan Pertubuhan Anak-Anak Yatim dan OKU Mesra Selangor, Pertubuhan Nur Kasih Bestari Perak, Pure Life Society Kuala Lumpur and Beautiful Gate Foundation for the Disabled Selangor.



DONATIONS DURING AEON TAMAN MALURI SHOPPING CENTRE RE OPENING KUALA LUMPUR, 21 November, 2019

– During the ceremony to celebrate the reopening of AEON Taman Maluri Shopping Centre, a total of RM 129,400 was donated by MAF to 7 children homes; Rumah Kebajikan Anbu Illam Kuala Lumpur, Rainbow Home Cheras, Persatuan Kebajikan Darul Najjah Kuala Lumpur, Rumah Amal Kulim Kedah, Pertubuhan Kebajikan Rumah Mentari Kulim Kedah, Pertubuhan.



DONATION TO ORGANISATIONS

VICTIMS OF TOXIC POLLUTION

Malaysian AEON Foundation (MAF) played its part to assist the community of victims in the recent River Kim Kim pollution disaster. Assistance of face masks, mineral water, wet tissue, and food were distributed to 700 individuals at Al-Firdaus Mosque, Pasir Gudang, Johor.



Sustainability Statement

INTRODUCTION

This report covers AEON CO. (M) BHD (AEON)'s sustainability initiatives and practices, community engagement and activities, and reporting of sustainability performance for 2019.

AEON continued its actions and performance to ensure continuous sustainability efforts alongside its pursuit for business growth and creating long-term value for its stakeholders in the areas of Economic, Environmental and Social ("EES").

AEON has determined and validated the ongoing significance and relevance of the fifteen (15) sustainability material matters as set out in the Sustainability Statement 2018, after taking into consideration the stakeholders' perspectives and Management's priority.

As part of the Company's continuous pursuit for sustainability, one (1) additional initiative, "Ethics and Integrity" was added as part of the sustainability material matters for 2019 Sustainability Statement, to maximize stakeholder's confidence and trust, and achieve the Company's vision to become the most favored retailer in Malaysia.

AEON Sustainability Statement 2019 remained its focuses on four (4) key pillars, defined as:-



Peace AEON is a group whose operations are dedicated to the pursuit of peace through prosperity.

People AEON respects human dignity and values personal relationships. Our people are our assets.

Community AEON is rooted in local community life and dedicated to making a continuing contribution to the community.

Customer AEON practices its "Customer First" philosophy with its ever-lasting innovative spirit.

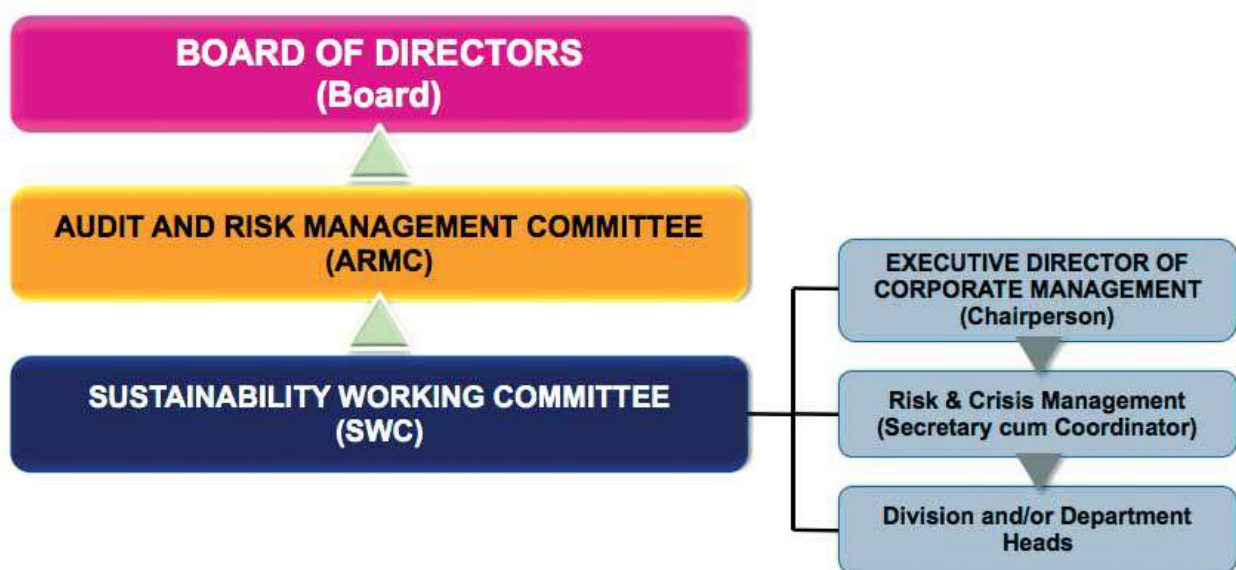
SCOPE

This report covers the reporting period from 1 January 2019 to 31 December 2019. It covers the operations of AEON in line with AEON Basic Principles. This statement includes information on material sustainability issues as well as impacts of AEON businesses on the society and environment.

GOVERNANCE

As set out in the Board Charter, the Board is responsible for the oversight of sustainability into the Company's strategy, and to ensure adequate measures such as systems and processes are put in place for managing the sustainability matters. This is also in line with the expectations outlined in the Malaysia Code of Corporate Governance (MCCG).

To assist the Board in driving and reporting the Company's sustainability practices, the Company had established the Sustainability Working Committee (SWC) to ensure sustainability continues to be embedded in the Company's strategy and operation. The SWC is chaired by the Executive Director of Corporate Management, assisted by the Risk & Crisis Management with members comprising the division and/or department heads of the relevant Business and Support Divisions.

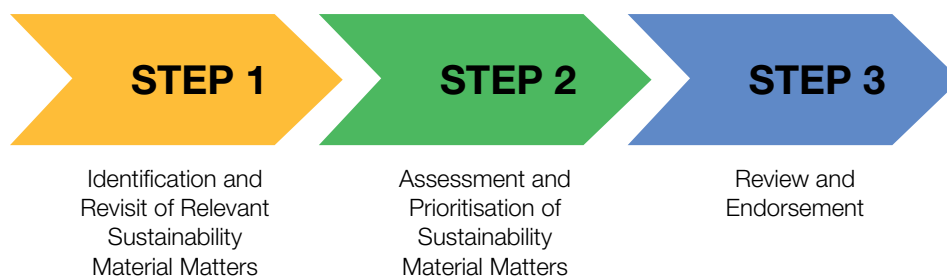


The Executive Director, supported by the SWC, implements the strategic plan, policies and decisions by the Board to achieve the Company's objective of creating long-term value for its stakeholders through, among others, excelling in customer service and providing sustainable, best-in-industry performance in retail, community, reputation and environmental aspects.

MATERIALITY PROCESS

AEON conducts its materiality review on an annual basis to identify the sustainability material matters, which are significant and integral for the Company's sustainability. The Company has a structured approach to evaluate the material sustainability matters.

Stakeholders' engagement is of the essence to understand the expectations and concerns on sustainability material matters. The Company's materiality process and analysis comprise the following three (3) steps:-





Sustainability Statement

STEP 1: IDENTIFICATION AND REVISIT OF RELEVANT SUSTAINABILITY MATERIALITY MATTERS

Continuing from AEON Sustainability Statement 2018, the Company has revisited the relevant sustainability matters being outlined as to determine the material matters for year 2019.

For 2019, the material sustainability matters identification and development were based on the current business environment, considering the internal and external changes that are relevant to the Company's businesses, in line with our "AEON Sustainability Pillars" of Peace, People, Community and Customers.

PEACE	PEOPLE	COMMUNITY	CUSTOMERS
<ul style="list-style-type: none"> • Preserving biodiversity • Future generation awareness and education • Environmental management • Ethics and integrity 	<ul style="list-style-type: none"> • Talent management and development • Diversity and equality • Labour practices • Health, safety and well-being 	<ul style="list-style-type: none"> • Community contribution, support and engagement • Community education and awareness 	<ul style="list-style-type: none"> • Product safety, quality and services • Customer relationship management • Supply chain management • Supporting Small Medium Enterprises (SME) • Digitalisation • Customer Responsibility

Note:

1. Under the Customers' pillar, "Customer Retention Programme" has been revised as "Customer Responsibility" to represent AEON's different approaches and measures implemented to ensure customer retention.
2. New initiative of "Ethics and Integrity" has been included in the pillar of Peace.

STEP 2: ASSESSMENT AND PRIORITISATION OF MATERIAL SUSTAINABILITY MATTERS

AEON implements assessments to gauge the perception of stakeholders on the level of importance of each material sustainability matter.

• STAKEHOLDER ENGAGEMENT

The Company values the views and feedbacks of our stakeholders, and thus conducts formal and informal engagements through various platforms that help the Company to stay updated with the concerns and issues of stakeholders, among others, are shown in the table below:

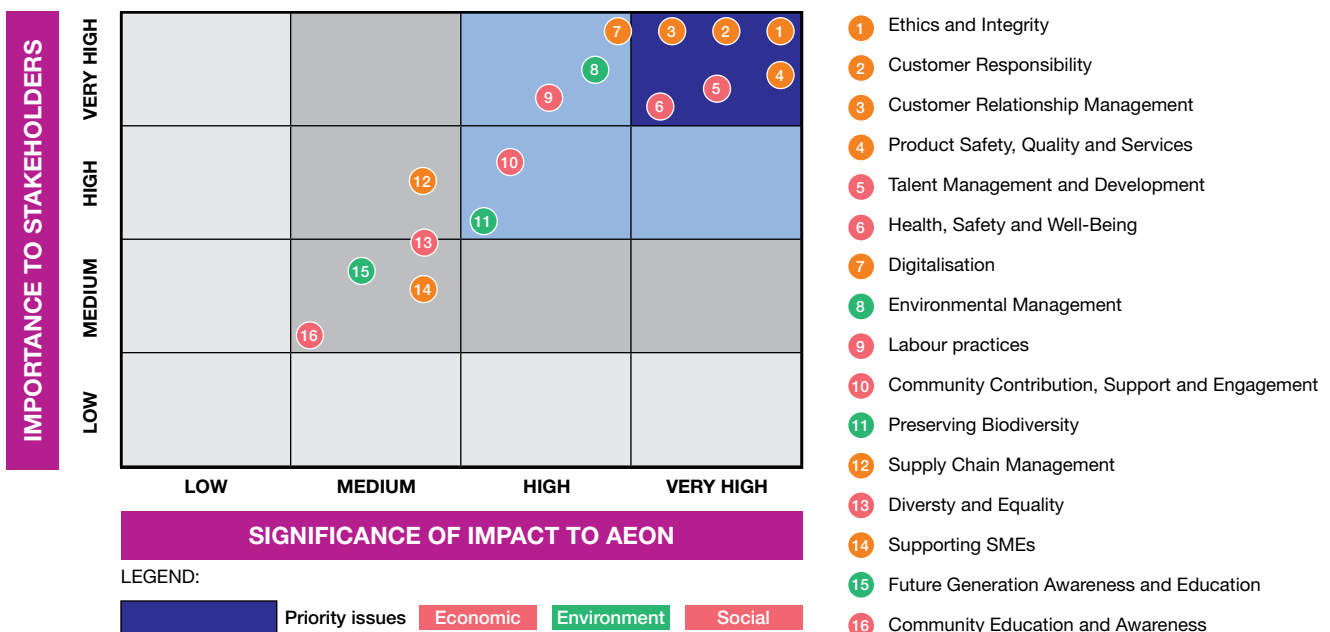
STAKEHOLDERS	ENGAGEMENT PLATFORMS	STAKEHOLDERS AREAS OF CONCERN	MANAGEMENT RESPONSE
EMPLOYEES	<ul style="list-style-type: none"> • Training • Learning programmes • Formal and informal meetings, briefings and assembly • Written policies and procedures • Internal surveys, newsletters • Events and activities 	<ul style="list-style-type: none"> • Career development • Compensation, welfare and benefits • Employment equality • Working environment and quality • Safety • Job performance evaluation / assessment • Ethics, disciplinary and misconducts 	<ul style="list-style-type: none"> • Internal and external training programmes • Staff welfare meetings and operation meetings • Employee activities and get-together events • Performance management system • AEON Code of Conduct channel • Whistleblowing channel • Talent pool system and benefits

STAKEHOLDERS	ENGAGEMENT PLATFORMS	STAKEHOLDERS AREAS OF CONCERN	MANAGEMENT RESPONSE
CUSTOMERS	<ul style="list-style-type: none"> • Corporate website, policies, digital and social media • AEON Careline (email, contact centre) • Customer voice (CV) form • Customer service counters • Sales, promotions, roadshows • In-store information (POP, banners etc.) 	<ul style="list-style-type: none"> • Product pricing, safety and quality • Service culture, comfort, convenience and satisfaction • Privileges, benefits and added value • Online shopping 	<ul style="list-style-type: none"> • AEON Careline • AEON day, member day, Thank You day • Festive celebrations • Events and competitions • Social media • Customer service • Service counter • Facilities • Well stock & well assorted merchandise • Online purchase and delivery services
GOVERNMENT AND REGULATORS	<ul style="list-style-type: none"> • Corporate website, digital and social media • Meetings, forums, roundtables, briefings • Formal events • Official business dealings • Store visits 	<ul style="list-style-type: none"> • Regulations, governance and compliance to law, requirements and standards • Accuracy, transparency and disclosure • Collaboration for mutual branding 	<ul style="list-style-type: none"> • Reports and policies made for public disclosure • Internal Standard Operating Procedures (SOPs) • Continuous monitoring and communication with stakeholder • Provide support and participation
INVESTORS AND SHAREHOLDERS	<ul style="list-style-type: none"> • Financial and other reports • Press conferences and media releases • Corporate website • Annual General Meeting (AGM) • Bursa announcement • Investor Relations Roadshow 	<ul style="list-style-type: none"> • Business performance • Business directions • Prospect and strategies • Return of Investment • Business continuity • Business risks • Shares Liquidity 	<ul style="list-style-type: none"> • Financial performance results • Bursa announcements • Press releases/ conferences • Investor Relations roadshow • Annual reports • AGM
COMMUNITY	<ul style="list-style-type: none"> • Corporate website, digital and social media • Community engagement events and activities • Malaysian AEON Foundation (MAF) charitable activities and programme • AEON Cares environmental events and activities 	<ul style="list-style-type: none"> • Financial support and aid • Social responsibility • Environmental awareness and education • Lifestyle support • Business opportunity • Employment support • Livelihood support 	<ul style="list-style-type: none"> • Festive celebrations • MAF activities • Shopping mall lifestyle activities and social events • Financial assistance and donation • Corporate Social Responsibility (CSR) events and programmes with community • Job opportunity • Kiosk or temporary space rental set-ups at shopping malls

STAKEHOLDERS	ENGAGEMENT PLATFORMS	STAKEHOLDERS AREAS OF CONCERN	MANAGEMENT RESPONSE
SUPPLIERS	<ul style="list-style-type: none"> Meetings, capacity building sessions and business alliance meetings Audits and site visits Policies Collaborative promotion activities Formal and social events 	<ul style="list-style-type: none"> Procurement process, payment terms and practices Strategic partnerships Product and promotion support Trading terms Business conduct, integrity and ethics Working alliance 	<ul style="list-style-type: none"> Clear procurement and payment process SOPs AEON Business Partner Alliance (ABPA) Whistleblowing channel Charity events and collaborative activities Business discussion
MEDIA	<ul style="list-style-type: none"> Meetings Collaborative events and activities Press conferences, releases, interviews and articles Advertisements 	<ul style="list-style-type: none"> Company latest events, business performance and updated news Long-term engagements 	<ul style="list-style-type: none"> Press conferences and interview sessions Media collaborative programmes Advertising support and sponsorships
INDUSTRY	<ul style="list-style-type: none"> Meetings, roundtables, forums and briefings Trade associations Formal events and programmes 	<ul style="list-style-type: none"> Retail sales performance Industry issues Government policies Mutual interest issues 	<ul style="list-style-type: none"> Malaysia Retailers Association (MRA) Meetings and business dialogues Support and participation in social events

MATERIALITY MATRIX

Based on the feedback from the stakeholder engagement including insights from Senior Management, AEON reviewed its past materiality analysis, identified and performed a materiality assessment on the sixteen (16) sustainability material matters to prioritize on the significance based on the impact to AEON and importance to stakeholders.



STEP 3: REVIEW AND ENDORSEMENT

The SWC carried out the final review of the sixteen (16) material sustainability matters in accordance to the impact to the internal and external stakeholders' feedback and conclude that the final materiality assessment for 2019. The Sustainability Statement 2019 was subsequently presented and validated by the Board.

PEACE

PRESERVING BIODIVERSITY

AEON is committed to protect the environment, biodiversity and ecosystems. The Company's Corporate Social Responsibility (CSR) focuses on five (5) key strategies; preservation of biodiversity, efficient use of resources, realization of low carbon society, stakeholders' engagement and, awareness and education. The most significant sustainability initiatives and efforts by the Company are through its tree planting events and efforts to protect and nurture natural habitats. Our CSR activities include:-

- AEON Forest Tree Diversity Planting Programme in Bidor, Perak;
- AEON Clean and Green Programme;
- **Save the Malayan Tigers Campaign.**
- **AEON FOREST TREE DIVERSITY PLANTING PROGRAMME, BIDOR PERAK**



The project was initiated to mark AEON's 30th Anniversary and its commitment to rehabilitate and reforest the ex-mining land to nurture the biodiversity. During the 1st phase in 2014, AEON has utilized an area of 14.8 acres (6 hectare) to plant 8,000 trees.

On 14 September 2019, with the support of around 1,000 participants consisting of state authorities and government agencies' representatives, 350 volunteers from Japan, 200 local community and 200 children from 5 schools in the surrounding areas of BIDOR, a further 10,000 trees (35 different species of forest trees) were planted to celebrate AEON's 35th Anniversary.



After the project handover by AEON in 2019, the Forest Research Institute Malaysia (FRIM) will continue to carry out annual maintenance and supervision of the trees and monitor on the progress of the local ecosystem. AEON's hope that the area can be a biodiversity depository that can also be used as a recreational and educational platform for children in the future.

• AEON CLEAN AND GREEN PROGRAMME

Launched in 2018, AEON Clean and Green Programme encourages sustainable actions in keeping the environment clean and green for our stakeholders, community and future generations.

Apart from cleaning activities by our staffs at the respective mall outlets, AEON continued to instill love for nature and the environment among school children. In 2019, a total of four (4) primary schools in Klang Valley area were selected for these activities involving a total participation of 1,800 people consisting of teachers, students, local community and AEON people.

No. of Trees & Shrubs Planted	School	No. of Participants
1,000	Sekolah Kebangsaan Alam Megah 3, Shah Alam	450
1,000	Sekolah Kebangsaan Wangsa Jaya	450
1,000	Sekolah Kebangsaan Bukit Tinggi, Klang	450
1,000	Sekolah Kebangsaan Meru, Klang	450



• SAVE THE MALAYAN TIGERS CAMPAIGN

In 2019, AEON embarked on new efforts in its endeavor to preserve the ecosystem and biodiversity through a collaboration with the Ministry of Water, Land and Natural Resources (KATS) and Land and Department of Wildlife and National Parks (PERHILITAN) to launch "Save the Malaysian Tigers" Campaign.

To mark the collaboration, AEON introduced to its customers, 35,000 of special edition reusable bags with the theme "Love Our Forest, Save our Malaysian Tigers" printed on them. All proceeds from the sales of this special edition reusable bags, available at all 34 AEON outlets, were donated to the Malaysian Tiger Reserve Fund.



In addition, awareness activities were conducted at selected AEON outlets as part of its commitment towards saving the environment through reforestation and protecting local wildlife.

FUTURE GENERATION AWARENESS AND EDUCATION

AEON's mission includes creating awareness and instilling strong social responsibilities among the future generation to understand and tackle environmental issues. Children and youth are the key to the future of our nature and earth. AEON aims to recruit young environmental ambassadors and provide them with the opportunity to learn, experience, and understand green initiatives and environmental issues through its AEON Malaysia Cheers Club (AMCC) and AEON 1% Club Foundation platform which focus on children and youth.

- AEON MALAYSIA CHEERS CLUB (AMCC)**

Established in 2012, AMCC's objective is to provide its young members with environmental information, awareness, experiential learning and education in a fun and enjoyable method. The members of AMCC are children, between the ages of 6 to 14 years old. As at 2019, AMCC has approximately 1,567 active members registered nationwide. Some of the activities carried out by AMCC in 2019 were as below:-

Programme Date	Venue of Activity	Event
June 2019	AEON Mall & Store	Coloring Contest
July 2019	AEON Mall & Store	AEON & Me Day
Nov 2019	Zenxin Organic Park	Educational Fieldtrip
Nov 2019	Melaka Butterfly & Reptile Sanctuary	Educational Fieldtrip



- AEON 1% CLUB FOUNDATION**

AEON 1% Club Foundation is a global corporate social responsibility arm of AEON Japan that focuses on education, food and environmental initiatives. The objective of AEON 1% Club Foundation is to promote international friendship and goodwill within the Asia region. The Foundation's missions are as follows:





Sustainability Statement



In August 2019, 10 Malaysian students from 6 local secondary schools were selected to represent Malaysia at the Asian Youth Leader (AYL) 2019 in Hanoi, Vietnam together with other 105 students from 8 ASEAN countries. The programme focused on “Shokuiku”, also known as “Dietary Education” which revolves on various types of food consumption habits.

- **ETHICS AND INTEGRITY**

AEON management and people always uphold to its Code of Conduct policies and practices to ensure a clean, transparent and ethical business operation.

Furthermore, in compliance with the new statutory requirement upon, the introduction of Section 17A (1) of the Malaysian Anti-Corruption Commission’s (MACC) Act 2018 on Corporate Liability, AEON is committed towards heightening its corporate governance. AEON is committed to embrace higher compliance and responsibility towards achieving a “No Corruption” culture from top down, supported by the relevant framework and management policies.

In 2019, AEON has assigned a working committee, comprising the Human Resource, Risk Management and Legal Department to oversee the planning and implementation process and to report the progress on quarterly basis to the Risk Management Committee (RMC) and to the Audit and Risk Management Committee (ARMC) until the enforcement date of 1 June 2020.

The management has decided to develop the relevant framework, policies and process to ensure compliance. AEON has appointed a consultant to carry out a gap analysis and provide awareness seminar to the senior and middle management personnel.

ENVIRONMENTAL MANAGEMENT

Being one of the leading retailer in Malaysia, AEON operates a total of 34 general merchandise stores (GMS) and 28 shopping malls. AEON continuously strive to ensure its energy and resources are managed in an effective and efficient approach. AEON continuously work on reducing carbon footprint and controlling the greenhouse emissions in its daily business operations.

- **RESPONSIBLE CONSUMPTION**



- **Electricity and Water Savings**

AEON has implemented several best practices through its policies and guidelines for its shopping malls, stores and headquarter (HQ), in order to manage carbon footprint and reduction of carbon dioxide (CO₂) emissions from the sources of energy consumptions such as air-conditioning, freezers and lighting.

Facility Department set a clear guideline for operation to manage and control the air-conditioning temperature at AEON shopping malls. The facility and operation management team is responsible for daily checking, monitoring and controlling the process and usage through standard checklist provided by Facility Department.

ANNUAL CONSUMPTION (SAME SCALE BASIS)			
Year	Total kWh ('000)	Cost (RM)	CO2 (ton)
2019	508,877	186 mil	284,971
2018	491,956	180 mil	275,495
2017	464,788	170 mil	260,280
2016	454,649	166 mil	254,604

Note: The above calculation of CO2 is amended

AEON, through its internal campaign, has managed to save electricity charges (on same scale basis) of approximately RM93,000 per month or RM1.1mil on annual basis which was equivalent to 255,933 kWh per month or 3,071,196 kWh per year. The kWh savings resulted in CO2 savings of approximately 1,720 tonnes for the year.

Through the same campaign, AEON's total water expenses for 2019 at RM9.3 mil was lower at 98.91% against 2018 water expenses, or a saving of RM102,000.

Apart from controlling the air-conditioning temperature system, AEON also focused on sustaining energy efficiency by replacing conventional lighting to LED lighting at its shopping malls, stores and HQ.

- **Reduce Paper Printing**

In 2019, as part of AEON's effort in expenses control, Administration Department has issued an internal guideline to control unnecessary paper consumption, especially on paper printing and remind employees on prudent use of paper. In 2019, the black and white and color paper printing usage quantity has reduced by 21% and 20% respectively compared to the previous year.

- **Waste Management**

In 2019, AEON has appointed licensed contractors to undertake the waste management function to dispose the wet and dry wastages. AEON produces a sizeable amount of food and non-food waste such as perishable items, poultries, can-food, processed food and bakery in its daily operations.

AEON also has established the Community Recycling Centre (CRC), a service for customers to trade in recyclable items. This is in line with AEON's Reduce, Reuse and Recycle (3R) initiative to promote awareness among customers to recycle and reuse items to reduce greenhouse gas emissions.

- **Food Waste Management**

In 2019, AEON continued with its "Community Food Share Programme", (a collaboration between AEON and Kechara Soup Kitchen (Kechara) which has shown a significant improvement in food distribution to the needy communities. AEON, through Kechara managed to prevent 110,000kg of food waste from landing in the landfill and successfully distributed the unsold consumable food to feed the communities that needed them.

Moving forward, AEON will continue working closely with the Ministry of Domestic Trade and Consumers Affairs (MDTCA) to study other approaches on how to prevent food waste and increase the unsold food distribution to more channels.

PEOPLE

TALENT MANAGEMENT AND DEVELOPMENT

AEON people are Company's ASSETS. AEON continuously provide opportunity and take measures to coach and support its talents to develop their knowledge, experience and competencies to meet Company's direction and growing business needs. The Company aims to be an "Employer of Choice" and believes "the right talent for the right job" will drives AEON's approach for a sustainable workforce.

- LEARNING AND DEVELOPMENT**



PARTICIPATED BY OVER **18,955**
PARTICIPANTS AND SPENT
RM2.0 MIL

AEON believes in continuing investment on human capital learning and development, with the aim for AEON talents to be competitive and highly skilled to lead the organization.

High performers are identified through our talent management system, who will then be groomed with the essential leadership trainings and education programmes to prepare them as future leaders.

Employees are continuously exposed to relevant technical, operational and management skills trainings in order to upgrade and strengthen their knowledge and competencies.

In 2019, AEON spent RM2.0 mil to train its workforce. The cost of training was lower compared to the previous year, as Company change its strategy to focus more on its internal training modules, especially those towards development of AEON people's skill knowledge and experience to meet the retail business needs. Going forward, AEON will be moving towards e-learning platform as part its upgrade on human resource development trainings.

Learning & Development Training	Number of Participants			
	2019	2018	2017	2016
OUM Executive Diploma Programme	15	Nil	53	64
Management Trainee (MT) Programme	86	88	162	108
Retail Trainee (RT) Programme	25	26	25	41
Japan Trainee (JT) Programme	12	12	15	8



AEON remains committed in training its employees at various levels to create a sustainable pool of leaders to meet the changing demand of business shift and growth.

There are internal and external management trainings provided for the selected future leaders to equip them with the right knowledge and competencies.

Management Training	Number of Participants			
	2019	2018	2017	2016
Junior Management Programme (JMP) – for Managers	4	6	11	8
Basic Management Programme (BMP) – for Senior Managers and above	1	2	5	5
New Management Programme (NMP) – for Assistant General Managers and above	3	2*	Nil	5

Note: NMP programme for 2018 is cancelled due to insufficient participant numbers from other AEON Asia region. In 2019, the NMP programme structure were revised and 3 new participants were selected.

AEON continued to collaborate with local educational institutions and government agencies to provide employment opportunities for Malaysian fresh interns and graduates and also to equip AEON employees with the right skills and knowledge to carry out their jobs.

Institute, Government Agencies and/or Local Universities	Number of Participants			
	2019	2018	2017	2016
Institut Kemahiran Belia Negara (IKBN)	44	20	19	47
Skim Latihan 1Malaysia (SL1M)	0	49	107	28
Work Based Learning Programme	4	12	19	19
Internship	73	74	57	21
TNB Integrated Learning Solution (ILSAS)	Nil	4	Nil	3

• **AEON SPONSORSHIP FOR MBA PROGRAMME AND AEON SCHOLARSHIP PROGRAMME**

The Company is currently in the midst of reviewing and revamping the above programmes to ensure that a more strategic optimization of resources is achieved for the above purposes, one that will fulfill both the Company's needs as well as the career aspirations of the selected individuals.

• **AEON BUSINESS ACADEMY (ABA) – AEON SKILLS TRAINING CENTRE**

In September 2013, AEON launched its ABA to house its internal training modules covering culture, leadership, service standards and operation trainings on processes and procedures in retailing, merchandising and mall operations.

In 2018, ABA expanded its academy to add AEON Skills Training Academy which focus on skill development for its employees, especially in the areas of food production and perishable. AEON Bakery School (ABS) was set up to groom and train selected individuals to become certified bakers.

In 2019, 20 certified bakers have been accredited through a structured training certification programme, a collaboration with the Department of Skills Development from the Ministry of Human Resource Malaysia. On 15th October 2019 ABS celebrated its 1st official graduation ceremony for ABS first batch of certified bakers.



In the same year, in 2019 ABS launched an internal “Bakery Competition” across all its stores nationwide, to motivate and encourage the bakers to level up their skills.



In October 2019, AEON continued to create opportunities for young and talented people with the opening of the second AEON skills training school, the AEON Delica School.



“Skill Assessment” was conducted on bi-annual basis as an evaluation method to test the skill level of the students and to reward or improve accordingly.

- **FOSTER HIGH PERFORMANCE CULTURE**

AEON conducts performance review and evaluation for its employees on quarterly and annual basis including identifying high performers for the rights merits and rewards.

Key Performance Indicators (KPI) were part of the assessment tools being developed based on AEON's business strategy, focus areas and priorities. Performance evaluation and calibration processes were redefined, with a set of new competencies incorporated as performance metrics for evaluation.

DIVERSITY AND EQUALITY

In line with AEON Basic Principles, we respect and value each individual regardless of their gender, age and background. AEON has always focused in creating a distinctive management framework to strengthen and build a diverse workforce. AEON is committed to ensure that its management and operation decisions are made with the interest of the diverse human capital in mind.

- AEON WORKFORCE DIVERSITY**

For 2019, AEON workforce diversity showed 58.1% (6,084 pax) of total full-time employees is female and 59.0% (340 pax) of management leaders is female, demonstrating AEON's strong passion towards promoting a diverse workforce.

Age Group	Female			Male		
	2019	2018	%	2019	2018	%
≥ 50 years old	262	261	100.4	225	217	103.7
38 to 49 years old	1,020	926	110.2	745	704	105.8
26 to 37 years old	2,531	2,316	109.3	1,759	1,631	107.8
≤ 25 years old	2,271	1,934	117.4	1,664	1,513	109.9
TOTAL	6,084	5,437	111.9	4,393	4,065	108.1

- PERSONS WITH DISABILITIES (PWD) PROGRAMME**

AEON believes in inclusivity without boundaries to create the differentiation and to support government's policy of hiring PWD. AEON formalized the Person with Disabilities Programme (PWD) in 2018.

In 2019, AEON continued its drive to recruit more PWDs to support our business, especially in the food production department. It is also part of AEON's move towards "Reducing Inequalities" by empowering and promoting the social and economic of persons with disabilities.

In January 2019, AEON officially launched the "PWD – Able for Disable Training Programme". During the launching, a prize-giving ceremony was held for recognition and appreciation of the most outstanding PWD and Coach, along with the most effective Standard Operating Procedure (SOP) developed.



In 2019, AEON has successfully recruited and maintained 135 PWD employees to work at our stores, which makes up about 1.3% of AEON's total workforce.

Year	Number of PWD recruited by AEON	Percentage (%) against total number of workforce
2019	135	1.3%
2018	113	1.2%
2017	112	1.1%
2016	87	1%

Furthermore, to regularize the administration, engagement and support of PWDs at stores, AEON has established a “PWD Care Unit” across its stores nationwide.

LABOUR PRACTICE

AEON, as a large retailer with over 10,000 workforce, identifies that managing employees’ affairs and its related issues are its ongoing challenges. AEON fully abide and persistently seek to comply with labour laws in Malaysia as well as other policies and regulations such as National Minimum Wage Policy and Minimum Age Employment guideline in Malaysia.

- **AEON CODE OF CONDUCT (ACOC)**

AEON has in place its established ACOC platform, an internal whistle-blowing mechanism that helps employees to raise their voices and highlight concerns related to illegal or unethical conducts, power harassment, sexual harassment and other malpractices at workplace. The cases that were logged in under the ACOC hotline has all been reviewed, investigated and resolved as at 31 December 2019.

In June 2019, AEON also carried out online for the first time its annual ACOC Questionnaire survey. A total of 83% of the workforce successfully responded back to the survey. Some of the key findings from the ACOC Questionnaire survey relates to inadequate awareness of ACOC hotline, job satisfaction, education opportunities, unpaid overtime and dishonest attitude.

In 2019, AEON also conducted ACOC refresher trainings for all senior management and staffs across all levels to review and discuss on improvement plans necessary for areas and issues collected from the questionnaire survey.

HEALTH, SAFETY AND WELL-BEING

AEON always emphasis employees’ health and workplace safety in line with health and safety regulations and AEON Safety and Health Policy.

Training Details	2019	2018	2017	2016
Total fire safety training cost (RM’000)	160	1735	143	139
Total OSH training cost (RM’000)	59	25	49	48
Total fire safety training hours	696	512	637	692
Total OSH training hours	152	128	176	136
Lost time of injury (LTI) rate	0.2	0.2	0.6	0.8

• **FIRE SAFETY AND FIRE DRILL TRAINING**



In 2019, annual fire safety and fire drills were carried out for AEON stores (stand-alone stores), shopping malls and AEON Food Processing Centre (AFPC) with the support from our in house Emergency Response Team (ERT) and the local fire department (BOMBA).

• **EMERGENCY RESPONSE TEAM (ERT)**



In 2019, ERT training sessions were carried out for stores and shopping malls personnel, responsible for ERT to enhance their knowledge and to provide an experiential learning on fire safety information, best practices, development of leadership skills and teamwork for managing workplace incidents and hazards.

• **OCCUPATIONAL SAFETY AND HEALTH (OSH)**

First – Aider Details Breakdown	2019	2018	2017
Stores	126	131	100
Shopping Malls	98	85	57
AEON Food Processing Centre (AFPC)	5	6	4
HQ	8	–	–
TOTAL	237	223	161

Apart from the annual internal OSH first-aider trainings, AEON also enrolled first-aiders for a 2 days external Basic Occupational First Aid (BOFA), Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) training.



The purpose was to allow participants to learn life support steps, develop confidence in using AED with combination of CPR and to manage injuries and illnesses at workplace involving staff and customers.

Safety department monitored and compiled all records of quarterly OSH committee meetings at stores. These were then use for review and discussions so that improvements steps can be taken to be more effectively prevent and manage incidents and hazards at workplace.

Besides health and safety of employees, AEON ensures that employees' benefit, welfare and well-being were taken care of during the year to ensure a harmonious employer-employee relationship and helps to attract and retain talents in the Company.

- **AEON CERIA CLUB**

AEON welfare meetings were conducted on quarterly basis as a form of engagement with employees to understand AEON people voices and grievances related to staff welfare matters. AEON Ceria Club is a platform where events and activities are organized for the benefit, enjoyment and comfort of Company's employees.



In 2019, AEON continued its initiatives by organizing staff birthday party, annual gathering, festive celebration, sports event, health screening and collaboration events with government agencies and financial institutions to provide services and assistance for employees' welfare related matters.

- **"AEON RASA SAYANG CLUB" (RSAC)**

In alignment with the direction from AEON Co. Ltd. (Japan) to ensure continuous engagement, communication and friendliness with AEON employees, specifically the senior and ex-senior AEON employees, AEON has legally established the AEON "Rasa Sayang Club" (RSAC) in February 2019. The main objectives of RSAC, are as follows:-

- To promote and foster friendliness relationship between the senior or ex-senior employees of AEON Group of Companies in Malaysia.
- To provide a social networking platform for members to get-together even after retirement to share information, inspire and motivate ex-AEON employees to stay a healthy and active lifestyle.
- To organize social activities and participate in AEON group companies' event as volunteers and continue to contribute to community and global environment.

As at end of December 2019, 112 members has registered with the RSAC



COMMUNITY

COMMUNITY CONTRIBUTION, SUPPORT AND ENGAGEMENT

AEON believes in playing a key role in contributing towards the economic growth and well-being of the community. As a company with high corporate social responsibility, AEON continuously focus on creating value in the lives of the community. The Company promotes interactive and harmonious engagements through events and activities with the local community where it operates.

- **COMMUNITY CONTRIBUTION**

Malaysian AEON Foundation (MAF) continued its fund raisings from the public through coin boxes at AEON retail stores, shopping malls and affiliates. Funds are also collected via other channels and platforms such as charity gala dinner, charity golf events, charity fun run and ride, and promotional campaigns with business partners. MAF's key objective is to provide quality education and medical attention, specifically for children who are not accessible to such privileges. Their activities for the year were further detailed out under the section on Malaysian AEON Foundation of this annual report.

- **COMMUNITY LIVELIHOOD SUPPORT**

- **AEON Back to School Programme**

Apart from community contribution through MAF, AEON also works together with government agencies and other AEON Group of Companies to support the B40 income group, especially on the children's needs in respect of education aid.

In December 2019, AEON work together with AEON Credit Service (M) Bhd. and the MDTCA to organize its annual "AEON Back to School" programme at AEON Mall Kuching Central. School bags and uniforms were distributed to some 150 school children from the Sekolah Kebangsaan RPR Batu Rawa, Kuching to assist them in their upcoming school term in 2020.

- **AEON Raya Contribution**

In May 2019, AEON collaborated with MDTCA to make contributions to 200 children from the B40 group of five (5) different districts, namely Kulim, Serdang, Parit Buntar, Bandar Baharu and Karangan. The children were also brought for shopping at AEON Bukit Mertajam store where the children were allowed to select their own Raya clothing for Hari Raya celebration.

Sustainability Statement

• COMMUNITY ENGAGEMENT

In 2019, AEON continued to organize several engagement activities with the local communities where its stores and shopping malls were located. Interactive events, social activities were carried out actively at all AEON outlets.

- “Zumba” fun exercises with AEON customers were organized at all AEON shopping malls nationwide on quarterly basis.
- Festive celebration activities such as “Bubur Lambuk”, “Yee Sang”, lantern festival, “Deepavali”, Christmas carols, “Hari Gawai” were organized with customers and local communities during festive periods.



- Children’s competitions, activities and events carried out at respective AEON shopping malls as part of CSR initiatives to strengthen community engagement.
- “Gotong-royong” activities with local residents for community service and better rapport with the communities.
- Lantern festival parades and celebrations organized by AEON shopping malls in conjunction with Chinese Lantern Festival for communities around AEON stores and shopping malls.

COMMUNITY EDUCATION AND AWARENESS

AEON continuously demonstrate its strong corporate social responsibility to create an informed community with adequate awareness and knowledge to manage social issues, such as health, lifestyle and safety living.

• BEING A GOOD CORPORATE CITIZEN

AEON has always collaborated and supported events organized by regulators, business partners, non-governmental organisations (NGO) and authorities aiming to create social awareness and educate community on health and safety. In 2019, AEON shopping malls operation team has coordinated several events and initiatives by working together with external stakeholders for the mutual benefit of the customers and community surrounding our outlets.

• Blood Donation Drive, Programmes and Campaigns



AEON shopping malls organized health awareness and blood donation drives in collaboration with Ministry of Health and other NGOs and authorities to raise awareness on the importance of blood donation.

- **Breast Cancer Awareness Programme**



On 29 June 2019, AEON Mall Cheras Selatan collaborated with Breast Cancer Welfare Association to organize the “Breast Cancer Awareness” programme to educate, provide guide and create early awareness among women to monitor, detect and get early medical assistance where necessary.

- **Sales of “Infokraf” and Exhibition by Malaysian Prison Department**



On April 2019, AEON Mall Kota Bharu organized a sales and exhibition programme, in collaboration with the Malaysian Prison Department. The purpose of the sales and exhibition was to promote, sell and support prisoners’ hand-made products, and create public awareness through motivation talk and demonstration of prison procedures.

CUSTOMERS

AEON’s approach to meeting customer needs and satisfaction is driven by one core objective, serving the customer well and practicing the philosophy of “Customer First. Meeting our customers’ needs keeps us relevant to their requirements and market trends.

PRODUCT SAFETY, QUALITY AND SERVICES

To be the leading retailer, we need to maintain stakeholders’ trust and confidence in our brand, product and services. We need to ensure that our product, services and facilities remained aligned and ahead of customer expectations and most importantly on quality assurance.

AEON is committed in its efforts to provide assurance as seen below:

- **“BERSIH, SELAMAT DAN SIHAT” (BeSS) CERTIFICATION**

In 2019, AEON continued the BeSS certification initiative for its food courts and food avenues in its stores and shopping malls. BeSS is a classification provided by the government for food operators as an acknowledgement for their safe and healthy food management.

In 2019, the BeSS certification renewal was carried out for a total of 66 food court counters of 9 AEON stores.

Details of BeSS Certification	2019	2018	2017	2016
<u>No. of AEON Premises Certified</u>				
AEON Stores	13	14	14	9
AEON Shopping Malls	6	6	3	1
TOTAL	19	20	17	10
<u>No. of Food Counters Certified</u>				
No. of food courts (AEON stores)	116	111	109	126
No. of food avenues (AEON shopping malls)	45	45	30	7
TOTAL	161	156	139	133

Note: For BeSS certification, it is an annual renewal process. The figures above shows the renewals and new applications processed and certified for AEON food court and food avenues.

• HAZARD ANALYSIS AND CRITICAL CONTROL POINT (HACCP) CERTIFICATION

AEON has continuously implemented the best practice of HACCP in our perishable and delicatessen / sushi division at our stores. The HACCP process and procedure is to check and ensure that an effective compliance to the:-

- Good Manufacturing Practice (GMP); and
- Food Safety Critical Control Points.

The Company has undertaken the responsibility as a committed retailer to provide assurance to our customers in terms of AEON's food safety and hygiene practices, handling and preparing its food items.

In 2019, AEON has successfully completed added the HACCP certifications for AEON Kuching Central store. In addition, AEON has developed 11 food handler trainers, certified by the Ministry of Health (MOH) Malaysia.

HACCP Certification – By Region	2019	2018	2017	2016
<u>No. of AEON Premises Certified</u>				
Northern	7	7	7	6
Klang Valley	16	15	17	16
Southern	8	8	7	7
TOTAL	31	30	31	29

The stores that has acquired HACCP certifications will be managed and monitored by the respective store food safety and hygiene officers. The HACCP certifications will be subjected to internal and external audit on periodical basis to ensure that the HACCP is effective and standard is adequate and in place.

• ISO 22000 CERTIFICATION

In 2019 the Company set a benchmark standard for all stores to comply with HACCP certification standard to allow effective monitoring and control. AEON continues to practice good food safety and hygiene practices.

• **FOOD SAFETY SYSTEM CERTIFICATION (FSSC) 22000 FOR AEON FOOD PROCESSING CENTRE (AFPC)**

AFPC has obtained its FSSC 22000 certification in 2018. In 2019, it continued to work and uphold its food safety and hygiene practices, allergen control and food defense measures, to ensure upholding of AEON's branding and commitment towards sustainable food quality excellence and safety assurance for its customers.

AFPC will work towards establishing its own lab in 2020. At present, AFPC is exploring the measures and taking steps towards achieving ISO17025 certification for lab accreditation.

• **AEON HALAL ASSURANCE SYSTEM**

AEON's Halal Policy that came into effect in 2010, marked a remarkable journey of 9 years, in its continuous efforts to set itself apart from its competitors. Our policy is governed by the Guidelines of Halal Assurance Management System issued by the Department of Islamic Development Malaysia.

Adoption of the Halal Assurance System guideline ensures that:-

- our development, implementation and improvement of halal requirement is effective by controlling halal purity and genuineness;
- it provides a systematic approach to ensure and preserve halal integrity of products by ensuring a controlled quality management system through the supply chain;
- it is being absorbed as part of our internal mechanism tool to prevent any non-compliance in producing halal products; and
- our compliance with the standard and requirement set by the competent halal authority.

Halal Application Details	Total No. of Certified Halal Applications			
	2019	2018	2017	2016
La Boheme & Café, Delica, Sushi, Coco Café, Pizza & Drink	134	113	124	52

In 2019, AEON participated in a special edition of "MyHalal" programme along with the Ministry of Domestic Trade and Consumer Affairs (MDTCC). In addition, AEON Halal Committee also attended "Halal Executive Training" to further equip themselves with latest information and knowledge of halal requirement.

• **FOOD ALLERGEN LABELLING**

In 2019 AEON has enforced 100% food allergen labeling (except for AEON Kuching store, which is targeted to be completed in 1st Half 2020) to reduce risk of exposure and prevent anaphylaxis for customers' with food allergies. It is a measure to educate and caution customers on good health and medical safety.



In August 2019, our Quality Management department has consulted the Ministry of Health (MOH) on the allergen requirements, invited MOH representative to conduct a special briefing session with our suppliers for their better understanding.

The representative from Malaysia Society of Allergy and Immunology was invited to provide awareness, clarifies and share information with our store operation team during the annual AEON Food Safety Conference 2019.

Sustainability Statement

• AEON FOOD SAFETY CONFERENCE 2019

For 2019, AEON continued to organize the annual Food Safety Conference, an event that includes food safety management review meeting and conference, which was attended by a total of 137 participants comprising of senior management, store and foodline managers, and food safety and hygiene officers. The event focused on “Safe Food for Consumer”, sharing the information on allergy and immunology, food defense and best practices at AEON stores.



• AEON FOOD SAFETY & HALAL WEBPAGE

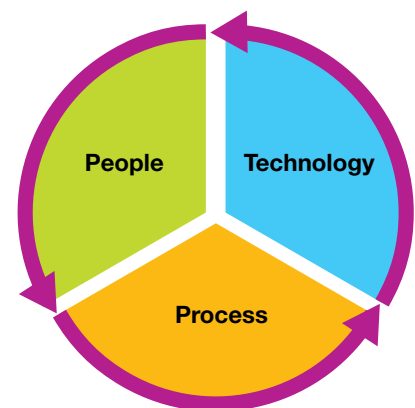


The webpage in our AEON Retail website was created in 2015 by our Quality Management department, and it aims to serve as an educational and information portal for our customers to understand our food safety initiatives and product knowledge. The information in the webpage is reviewed and updated on periodical basis to keep informing our customers on the latest product related news and issues.

CUSTOMER RELATIONSHIP MANAGEMENT

Our customer service vision is, “Achieving Service Excellence through Customer-Centric People”. Our customer service infrastructure focuses on 3 areas; People, Process and Technology, as defined below:

- **People:** To transform our organization and AEON people to be more customer service oriented and “customer first” mindset through in house programme development – IMAGE;
- **Process:** To increase our efficiency in our day-to-day operation through fast, simplified and easy to understand processes; and
- **Technology:** To enhance our work productivity by implementing a consolidated new system and approach under the Customer Relationship Management (CRM)



• PEOPLE – IMAGE TRAININGS, CAMPAIGNS AND COMPETITIONS

AEON has created an in house training module known as the **BASIC IMAGE** (Interest, Mindset, Attire, Grooming and Etiquette) to guide the Company’s operation staff, especially front-liners in developing their customer service standard and practices when serving customers.

In 2019, Customer Service department has carried out several training modules for our front-liners, designed for different level of staff such as new staff, security team, customer service team and others. The objectives of the training was to continuously promote the customer service culture among AEON employees to cultivate “Customer First” culture.

TRAINING DETAILS	No. of Participants		
	2019	2018	2017
Basic Image Training (for all new staff)	4,590	4,455	2,970
IMAGE STEP Up Training	474	797	6,420
Protocol, Respect & Organization (PRO) Communication Training	140	180	Nil
Customer Voice Management Training	3,065	5,310	Nil



As at 2019, AEON has a total of 5 certified BASIC IMAGE trainers and 34 apprentice trainers.

In 2019 Customer Service Department also organized “Best Customer Service Store and Mall” category to recognize and reward the operation outlets that received positive feedbacks from our customers.



The best store was AEON Store Nilai and for best mall, a total of 6 malls were selected, namely AEON Mall Kinta City, AEON Mall Rawang, AEON Mall Alpha Angle, AEON Mall Metro Prima, AEON Mall Shah Alam and AEON Mall Nilai.

In 2019, AEON also introduce the “extra-mile services” reward and recognition programme for its front-liners. This reward programme aims to motivate and appreciate AEON people who tirelessly serve the customers with exceptional service level. A reward with a letter of appreciation from the top management was presented to a total of 92 front-liners in 2019.

• **PEOPLE – CASHIER AND CUSTOMER SERVICE STAFF SKILL CONTEST AND BEST CUSTOMER SERVICE AWARD**

AEON continued to train and equip its front-liners, especially the cashiers. In 2019, a total of 16 cashiers from AEON stores (including AEON Wellness and AEON Maxvalu Prime) participated in the “Cashier Best Skill Contest”. Top 3 winners were selected and nominated to compete in the “AEON Asia Best Cashiers” – regional level competition in 2020.

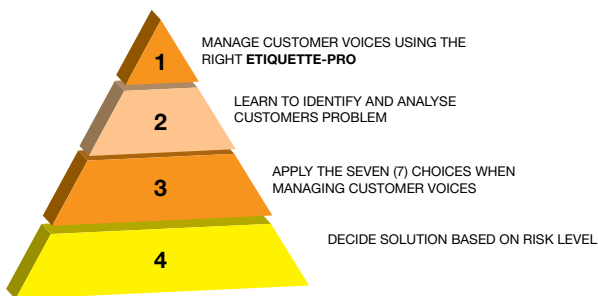


In 2019, AEON continued to organized AEON “Customer Service Best Skill Contest” to level up their service and product knowledge skills. A total of 5 customer service staff from AEON stores participated in the contest.



Every year “AEON Best Customer Service” award event was carried out to appreciate and give recognitions to the customer service staff for their efforts to level up the service culture and serve as role models for operations. A total of 14 awards, including 1 Ambassador Category (Consistency Award) were presented to selected winners.

• **TECHNOLOGY – CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**



In 2019, AEON continued to use AEON Careline, a holistic and integrated platform for AEON customers to raise issues and voices related to AEON services, products and other suggestions of improvements.

With the completion of Customer Voice Management (CVM) training in 2019, AEON ensure that its operational leaders are prepared to handle and manage customer voices and queries with a specific standard and structured approach across the Company.

For 2019, the breakdown of the customer voices and numbers are shown in the table below:-

CUSTOMER VOICE CATEGORIES	2019	2018	2017	2016	2015
Enquiries	64,247	65,926	61,533	51,003	52,898
Complaints	10,218	9,786	10,565	8,084	8,168
Compliments	5,930	1,265	481	110	296
Suggestions	785	329	259	146	323

The outcome of the CVM training shows a significant increase of customer compliments, related to employee service level, behavior and attitude. It validates the effectiveness and overall acceptance and understanding of our training and coaching efforts to improve AEON service culture at our stores and shopping malls.

In 2019, based on customer complaints analysis, AEON Careline enhance its system and process, by creating tagging features to identify the root cause of customer complaints. For 2019, AEON resolved the Specialty Store Distribution Centre (SSDC) late delivery issues by creating short message service (SMS) notification to alert customers on the delivery information.

Besides AEON Careline, in April 2019 AEON also engaged a 3rd party service provider to manage the Company’s social media page (Facebook and Instagram) and actively communicate and engage with our social media customers. As at Dec 2019, over 4,300 responses were recorded. In addition, the AEON “Chatbot” function has been developed in our Facebook Messenger to enable feedback to customers on some common operational enquiries.

• **TECHNOLOGY – POINT OF SALES (POS) SYSTEM ENHANCEMENT**

AEON continues to strengthen its POS system functions by offering a digitalize automated service process to manage issues such as cashiers’ speed and customer long queues in order to improve its employees’ efficiency and customers’ satisfaction.

In 2019, AEON continued to stabilize and enhance its E-Money and E-Wallet payment function applications for customers’ convenience and ensure a safe and secured payment system. In addition, “QR Pay” application services has been included into POS system to provide more payment options for customers.

• **PROCESS – CUSTOMER SATISFACTION INDEX (CSI) renamed as CUSTOMER SATISFACTION SURVEY (CSS)**

CSS helps AEON to identify the specific key areas of improvement. It helps AEON to take corrective measures and actions in resolving customers’ issues related to our product, services, facilities and our people.

CSS evaluation allow the Company to improve customer relationship and loyalty with the Company. CSS is categorized based on the priorities of store and shopping mall focus areas. For year 2019, AEON scored 81% for its CSS result against the benchmark of 85%.

Customer AUDIT Result	2019	2018
Customer Satisfaction Survey (CSS)	81%	87%

Note: In the previous years, AEON carried out MyShopper and Mystery Shopper to evaluate its service performance.

Overall, customer feedback is mainly related to the improvement needed on our stores selling floor management and staff greeting culture, whereas for the shopping malls, the issues highlighted mainly related to parking facilities and availability.

SUPPLY CHAIN MANAGEMENT

At AEON, we always value and respect our business partners; our suppliers, contractors, vendors and retail tenants who help us to achieve our “Customer First” objective, and with an emphasis on offering safety, assurance and high quality products and services. We work fairly together with our business partners, and aspire for mutual success and prosperity.

• PROCUREMENT

AEON merchandisers are bound by the “AEON’s Purchasing Code of Ethics” (the “Code”) and “Policy on Gifts” (“Policy”) regulations that governs the relationship between our employee and suppliers, ensuring that our businesses are conducted ethically. The Code and Policy clearly defines AEON’s zero-tolerance for misconducts and no gifts policy. Suppliers who are found to have collaborated with or induced our merchandisers directly or indirectly against the terms and conditions of the Code and Policy, shall have their service or agreement terminated immediately for a period that AEON deems fit.

In the event if any AEON employees are in breach of the Code and Policy, suppliers are required to report immediately. Suppliers who choose not to do so shall be deemed as non-compliant.

PROCUREMENT DETAILS	2019	2018	2017	2016	2015
Total no. of local suppliers (active)	1,758	1,750	1,589	1,400	1,400
Amount spent on local procurement (RM'billion)	4.57	4.40	3.81	3.96	3.78

In line with AEON’s Basic Principles to contribute to local communities, we support local businesses with our procurement. In 2019, we have a total of 1,758 active local suppliers registered with AEON and total procurement amount of approximately RM4.57 billion.

• BUSINESS PARTNER ENGAGEMENTS

• AEON 35th Anniversary and AEON Business Partner Alliance (ABPA) Awards

AEON business partner engagements and activities continuously build strong business relationship, share knowledge and information and work together on social issues, community welfare and services.

On 14 September 2019, in conjunction with AEON 35th Anniversary, the Company organized an anniversary dinner, themed as “Growing Together With You”, to recognize the business partners and AEON family for their support towards creating a future of limitless promises.



As part of the celebrations, AEON held the AEON Business Partner Alliance (ABPA) Awards, presented to the business partners with the highest growth rate recorded in the year 2018 under categories of AEON Retail Business and AEON Mall Business. There were a total of 5 winners from Mall Business category and 3 winners from Retail Business category.

AEON also shared its vision and goals, including its 2020 plans of moving forward to adapt, especially in the new digital world and to embrace innovations such as convenient payment services and new shopping centre development.

SUPPORTING SMALL AND MEDIUM ENTERPRISES (SMES)

In line with AEON's pledge to support local community growth, we also focus on developing the economy of local small and medium enterprises (SMEs) through several initiatives that creates a platform for their business exposure and development. AEON collaborated with ministries and government agencies, such as Ministry of Domestic Trade and Consumer Affairs (MDTCA), Ministry of Agriculture and Agro Based Industry (MOA) and the Ministry of Internal Trade and Industry (MITI), to support SMEs in acquiring marketing experience and recognition through promotion of the local products in the marketplace.

- **“PROGRAM CITARASA MALAYSIA”**

AEON worked together with MDTCA to launch the “Program Citarasa Malaysia” at AEON Mall Bukit Indah, AEON Mall Nilai and AEON Mall Bukit Mertajam during the period of August, September and October 2019 to introduce SMEs products to our local shoppers.



The programme further assisted SMEs to create a working collaboration with supermarkets and entrepreneurs to expand its marketing opportunities and stimulate sales of the SME products.

- **SPECIAL PROJECTS**

AEON, together with the SME Corporative Malaysia and Malaysia Co-Operative Societies Commission helps the entrepreneurs by conducting seminar and business matching knowledge and training to prepare them to market their products in future exhibition.



In addition, in October 2019 AEON also collaborated with MDTCA to participate in the “Karnival Beli Barangan Buatan Malaysia” to further market and support the promotion of the locally produced Malaysian products to customers.

- **SUSTAINABLE SUPPLIER DEVELOPMENT PROGRAMME (SSDP)**

AEON not only focus to provide opportunity and economic growth for SMEs but also continually assist SMEs to develop an effective Food Safety Management System (FSMS) and to establish the Food Safety Assurance Programmes (FSAP). AEON has been a pioneer in the SSDP programme since its launch in 2013 through collaboration with the United Nations Industrial Development Organisation (UNIDO).

In 2019, AEON assisted a total of four (4) suppliers to enhance their FSMS and internal guideline.

DIGITALISATION

In line with rapid changes in customer demand and lifestyles, AEON has to be more agile and resilient to embrace new technology to ensure sustainable growth and competitiveness in the retail industry. The Company has established a clear long-term digitalisation roadmap to introduce new digital aspects into working processes and business model to meet changing demands.

- DIGITALISED SALES CHANNEL – happyfresh**



In 2019, AEON established a business alliance with HappyFresh Malaysia, an online grocery delivery service provider.

As at Dec 2019, HappyFresh services is available at a total of 38 AEON outlets in Malaysia (AEON stores and AEON Maxvalu Prime).

- AEON KIDS REPUBLIC**

In 2019, AEON introduced “Kids Republic” mobile application, a designated platform for parents and children (*below 12 years old*) to interact and share various knowledge and information related to children and parents.

Some of its unique features are fun and learning games for kids, parenting tips, latest products information for parents. Also, AEON Kids Republic application offers special promotions for AEON Mommy’s card holders. The application offers e-stamps which can be collected and redeemed during special promotions.

As at 31 Dec 2019, over 7,000 users has downloaded the AEON Kids Republic application to their mobile phones.



- AEON MEMBER PLUS CARD & AEON E-WALLET**



As part of AEON group strategy to promote synergy, increase customer experience and convenience through enhanced technology features and functions, the introduction of AEON Member Plus Visa card in 2018 has an overall positive outcome from AEON customers.

The application of electronic wallet (e-wallet) is also another way for AEON to encourage cashless transactions within AEON group and move towards a cashless society.

As at December 2019, a total of 1.25mil customers has acquired the AEON Member Plus Visa Card and approximately 475 thousand customers are using the AEON E-Wallet function or services on their smart-phone devices.

- **CYBER SECURITY**

As the demand for digitalisation increases, the possibility of cyber threat is also significant. AEON has in place its IT Security Policy to strengthen and govern its IT practices and governance in terms of accessibility controls, management of incident responses, firewall and back-up to combat cyber threat risk. Review and assessment of the risks and necessary new measures are carried out.

CUSTOMER RESPONSIBILITY

Over the years, AEON has organized and initiated several marketing promotions, campaigns, special member programmes and activities to increase customer footfall to its stores and shopping malls.

- **CUSTOMER RETENTION PROGRAMME**



In 2019, AEON continued with its monthly AEON Day and AEON Thank You Day, Weekly Saver, Monthly Saver, “Thursday” saver and special brand loyalty programme offering great deals, promotions and rewards for AEON loyal customers.

- **CUSTOMER BENEFITS, COMFORT & CONVENIENCE**

- **SELF-PAYMENT COUNTER**



In 2019, AEON has introduced “self-payment” counters in order to reduce long queue and customer waiting time at its check-out counters.

AEON implemented their first self-payment counter services at AEON Maxvalu Prime Sphere Bangsar South and subsequently extended the platform to our newly rebrand AEON STYLE Taman Maluri store.

- **EXCLUSIVE FACILITIES**



AEON stays committed to continuously innovate and deliver an excellent customer experience and comfort, from being a normal shopping mall to a high end outlook mall with latest facilities and services available for its customers.

Sustainability Statement



In 2019, AEON Taman Maluri shopping centre was refurbished and transformed into AEON STYLE store and mall with latest facilities and services such as a larger baby room, mother's room with a mini playground and water facilities, designer washroom style, a dedicated wi-fi sitting lounge, kids washroom and special disabled washroom with emergency buzzer.

- **SALES ADVISOR & BABY ADVISOR**



AEON consistently work towards new ideas and approach to create value for its customers'.

Five (5) of AEON stores provides the services of sales advisors and 1 AEON Style store (pilot store) has the services of baby advisors. In 2019, AEON has a total of 218 sales advisors and 2 baby advisors.

The function of the sales and baby advisors are to provide product knowledge and suggestion tips to AEON customers.

PANDEMIC OUTBREAK – CORONAVIRUS (COVID-19)

On 18 March 2020, the Prime Minister of Malaysia has announced the Movement Control Order (MCO) as a measure to control and prevent the spread of the Coronavirus (COVID-19) pandemic outbreak. Subsequently, the MCO has been progressively enhanced with several other conditions and regulations which witnessed a new normal in the lives of Malaysians. This also includes the approach on how businesses operate during the COVID-19 outbreak and MCO periods. As an essential services business, AEON has been allowed to operate its supermarkets and pharmacies during the MCO period to continue serving Malaysians, providing for their daily necessities in terms of food and grocery items.

In order to ensure that we are able to operate normally and ensure the safety of our front-liners and customers, AEON has activated its Business Continuity Plan (BCP) and set-up a task force to plan, delegate and manage the crisis. This includes managing the daily communication and support for our AEON stores and front-liners in their daily operations and interaction with customers.

To ensure customers safety, measures such as increasing the sanitization and disinfection cleaning frequencies, temperature checks, imposing social distancing measures, wearing masks by employees and making available hand sanitizers, were carried out to provide customers with safe comfort environment.

AEON also made sure that adequate stocks of staple food items and other essential items are available at all times to address customers' demand, especially during the early days of panic buying by customers. In addition, AEON continuously engage and update our customers through social media platform on AEON's initiatives during this period such as our sanitization activities, food preparations and delivery process, stocks availability and others.

On the part of employees' safety, AEON has established a dedicated hotline number for employees to raise their concern and queries during the MCO period. As part of safety measures, AEON enforced 100% temperature checks on all its employees, provide them with adequate personal protective equipment (PPE) such as face mask, face shield, aprons (for food preparation team) and hand sanitizers. We also continuously remind and educate our employees on importance of maintaining good self-hygiene practices and to wash their hands frequently.

The Company has developed some new business initiatives during the MCO period including services such as AEON Drive-Thru (ADT), AEON Personal Shopper and AEON Riders. The Company is currently actively exploring more new business initiatives and is also enhancing its business services models and digitalization platform so as to continue stay relevant and sustainable.

Corporate Governance Overview Statement

The Board of Directors (“the Board”) of AEON CO. (M) BHD. (“the Company” or “AEON”) recognises the importance of good corporate governance and is committed in ensuring the sustainability of the Company’s business and operations through maintaining good governance ethics as promulgated by the Malaysian Code on Corporate Governance 2017 (“MCCG”). The Board believes that maintaining good corporate governance is key to delivering stakeholders’ value.

This Corporate Governance (“CG”) Overview Statement is prepared pursuant to the Practice Note 9 of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the CG Guide (3rd edition) issued by Bursa Securities. This statement, which is available on the Company’s website, www.aeonretail.com.my, provides an overview of the Company’s application of the three principles set out in the MCCG and is to be read together with a CG Report. CG Report is available via an announcement on the website of Bursa Securities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board’s Roles and Responsibilities

The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Company’s strategies, policies and performance.

All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board assumes, among others, the following duties and responsibilities:-

- 1) reviewing, challenging, deciding and adopting the overall corporate strategies, plans, proposals and directions for the Company;
- 2) overseeing and evaluating the conduct and performance of business of the Company including strategies on economic, environmental and social considerations underpinning sustainability;
- 3) identifying and understanding of principal risks and ensuring implementation of a proper risk management system, risk appetite and a sound framework of risk management and internal controls;
- 4) monitoring and reviewing the adequacy and integrity of management information and management processes aimed at ensuring the integrity of financial and non-financial information with the guidance of Audit and Risk Management Committee;
- 5) promoting effective communication with shareholders and relevant stakeholders;
- 6) approving major capital expenditure, acquisitions, disposals and capital management;
- 7) ensuring Management and the Company’s human resources have the necessary skills, experience and resources to carry out their duties;
- 8) together with Management, promoting good corporate governance structure within the Company; and
- 9) performing such other functions as prescribed by the law or assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, an employee or other persons subject to ultimate responsibility of the Directors under the Companies Act 2016.



2. Separation of Positions of Chairman and Managing Director

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of Chairman and Managing Director are distinct and separate to engender accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The segregation of roles also facilitates a healthy open exchange of views between the Board and the Management in their deliberation of businesses, strategic aims and key activities of the Company.

The Chairman is responsible for the leadership, effectiveness, conducts and governance of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between the Board and the Management. The Managing Director is responsible for executing the Company's strategies, policies and day-to-day management of the business with powers, discretions and delegations authorised from time to time by the Board. Details of the responsibilities of the Chairman and the Managing Director are clearly set out in a Board Charter.

Datuk Iskandar bin Sarudin is the Independent Non-Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process. The Chairman also promotes an open culture for debates and encourages active participation among the Directors. During the meetings, the Chairman shares his views on key matters so that all the Directors contribute to the debates while ensuring no Director dominates the discussions.

3. Company Secretary

The Board is supported by qualified and competent Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regards to the Company's Memorandum and Articles of Association, the Board policies and procedures, and its compliance with regulatory requirements, corporate governance and legislations. The Company Secretaries who oversee adherence with the Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also keep the Directors and Principal Officers informed of the closed period for trading in the Company's shares.

The Company Secretaries ensure that deliberations at the Board and Board Committees meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions.

4. Access to Information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. The Directors have access to information through the following means:

- members of Senior Management attend the Board and Board Committees meetings by invitation to report areas of the business within their responsibilities including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's decision making and effective discharge of the Board's responsibilities;
- the Board and Board Committees papers are prepared and circulated to the Directors or Board Committees members at least five (5) business days before the Board and Board Committees meetings to enable the Board or Board Committees members to receive the information in a timely manner; and
- Audit and Risk Management Committee Chairman and members meet the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system, financial reporting and risk management.

Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense and service via Audit and Risk Management Committee on the implementation of risk management system in accordance with established procedures set out in the Board Charter in furtherance of their duties. The Directors also consult the Chairman and other Board members prior to seeking any independent advice.

Directors are furnished with proper agenda with due notice, the Board papers and reports prepared by the Management prior to all Board and Board Committees meetings. This allows Directors with sufficient time to review and facilitate effective discussions and decision making during the meetings.

5. Board Charter

The Board has adopted a Board Charter which clearly sets out the roles, functions, composition, operations and processes of the Board, having regard to the principles of good corporate governance and requirements of MMLR of Bursa Securities. The Board Charter further defines the matters that are reserved for the Board and its Committees as well as the roles and responsibilities of the Chairman and the Managing Director. The Board Charter is published on the Company's website at www.aeonretail.com.my.

6. AEON Code of Conduct ("AEON COC")

AEON COC which was established by AEON Co., Ltd. in Japan has been adopted by the Board to support the Company's objectives, vision and values. The basic principles have been carried out by having appropriate regards to the interests of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates.

All employees are briefed and provided with a copy of the AEON COC on the commencement of their employments. All employees attend a refresher seminar on the AEON COC annually. The principles of AEON COC are constantly made aware to employees through citation in staff assemblies and before the start of the Company's meetings. The AEON COC can be found on the Company's website at www.aeonretail.com.my.

The Board recognises the importance on adherence to the AEON COC by all personnel in the Company and has put in place a process to ensure its compliance. The Company further encourages its employees to provide feedback on any concerns regarding illegal or unethical conduct via its existing Code of Conduct Hotline.

7. Whistleblowing Policy and Procedures

As part of the Company's continuous effort to ensure good corporate governance practice, the Company has established a Whistleblowing Policy and Procedures with avenue for all employees and members of the public to disclose any improper conduct or irregularity within the Company with assurance that they will be protected from possible reprisals or victimization. The Company is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. The Whistleblowing Policy and Procedures can be found on the Company's website at www.aeonretail.com.my.



Corporate Governance Overview Statement

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board has ten (10) Directors, comprising the Chairman (Independent Non-Executive), four (4) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Director and three (3) Executive Directors. The Company fulfills Paragraphs 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors. The Company also meets the requirements of MCCG to have majority Independent Directors to allow more effective oversight of Management.

The Board is satisfied that the composition of Directors provides the appropriate balance and size in the Board necessary to promote all shareholders' interests and to govern the Company effectively. It also fairly represents diversity and the ownership structure of the Company, with appropriate representations of minority interests through the Independent Non-Executive Directors. On 30 May 2019, Mr Yasuo Nishitohge was appointed as Non-Independent Non-Executive Director. Encik Shafie bin Shamsuddin was appointed as Managing Director on 1 January 2020 subsequent to the resignation of Mr Shinobu Washizawa on 31 December 2019. Encik Abdul Rahim bin Abdul Hamid is the Senior Independent Non-Executive Director to whom concerns on matters relating to corporate governance of the Company could be conveyed. The Independent Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgment, considering the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conducts business.

The profile of each Director is set out on pages 7 to 12 of this Annual Report.

2. Board Independence

The Board is mindful on the importance of independence and objectivity in its decision-making process in line with MCCG which is one of its focus areas on corporate governance.

The Board delegates to the Managing Director who is supported by an Executive Management team, implements the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long term value for its shareholders through excelling in customer service and providing sustainable best-in-industry performance in retail industry.

The Company's Independent Directors are required to be independent of Management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts businesses. The Board, via Nomination Committee assesses each Director's independence to ensure ongoing compliance with this requirement annually.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decision in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors and confirmed that they are independent and objective during the Board's deliberations.

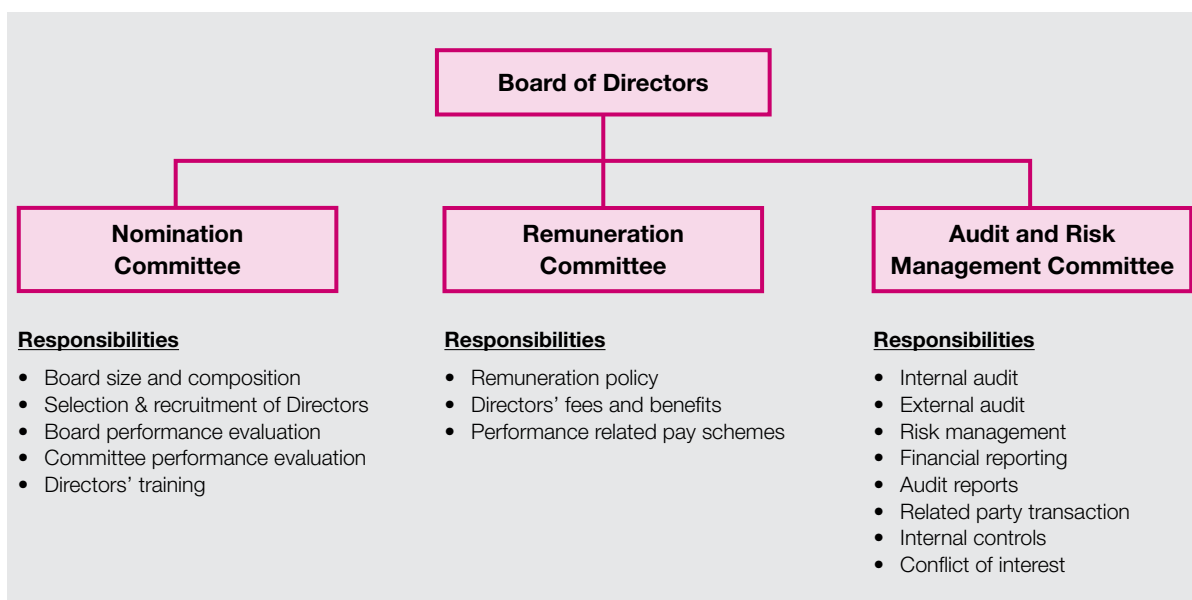
The Board is aware of the recommended tenure of an Independent Director who should not exceed a cumulative term of nine (9) years as recommended by MCCG and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as independent after the respective Independent Director has served a cumulative term of nine (9) years. If the Board continues to retain Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process as prescribed under MCCG. As at the date of this Statement, none of the Independent Directors has reached nine (9) years of service since their appointment.

3. Board Committees and Delegation

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advices:

- Nomination Committee;
- Remuneration Committee; and
- Audit and Risk Management Committee.

The following diagram shows a brief overview of the three main Board Committees of the Company, each of which is explained in further detail as below:



Each Committee operates in accordance with the written Terms of Reference approved by the Board. The Board reviews the Terms of Reference of the Committees from time to time. The terms of office and performance of the Audit and Risk Management Committee is reviewed on regular basis by the Nomination Committee. The Board approves the appointment of the members and the Chairman of each Committee. The Terms of Reference of the Board Committees are published on the Company's website at www.aeonretail.com.my.

4. Directors' Commitment

The Board endeavors to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as all the Directors had attended most of the Board meetings during the financial year under review.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.



Corporate Governance Overview Statement

The Board met six (6) times during the financial year under review. The details of Directors' attendance are set out as follows:

No	Name	Number of Board meetings attended/held during the Director's term in office
1.	Datuk Iskandar bin Sarudin (Independent Non-Executive Chairman)	6/6
2.	Shinobu Washizawa (Resigned as Managing Director on 31 December 2019)	6/6
3.	Poh Ying Loo (Executive Director)	6/6
4.	Hiroyuki Kotera (Executive Director)	6/6
5.	Datuk Syed Ahmad Helmy bin Syed Ahmad (Independent Non-Executive Director)	6/6
6.	Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Independent Non-Executive Director)	4/6
7.	Abdul Rahim bin Abdul Hamid (Independent Non-Executive Director)	6/6
8.	Charles Tseng @ Charles Tseng Chia Chun (Independent Non-Executive Director)	6/6
9.	Chong Swee Ying (Non-Independent Non-Executive Director)	5/6
10.	Yasuo Nishitohge (Appointed as Non-Independent Non-Executive Director on 30 May 2019)	5/5

It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allows a Director to sit on the Board of five (5) Listed Issuers. Notification is expected to include an indication of time that will be spent on the new appointment.

In order to enable Directors to sustain active participation in the Board deliberations, Directors have access to continuing education programmes or trainings. During the financial year under review, Directors had devoted sufficient time to update their knowledge and enhance their skills by attending various trainings. Details of training attended by the Directors are set out on pages 68 to 70 of this Statement.

Furthermore, the Directors from time to time visit existing stores and/or new sites/business outlets to familiarize and have thorough understandings and insights of the Company's operations and strategies.

5. Nomination Committee – Board Nomination and Appointment of Directors

The Company's Nomination Committee comprises exclusively of Non-Executive Directors a majority of whom are independent and at least three (3) members in total. The composition of the Nomination Committee is as follows:

Name	Designation
Charles Tseng @ Charles Tseng Chia Chun	Chairman (Independent Non-Executive Director)
Datuk Iskandar bin Sarudin	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)

The Nomination Committee is responsible for making recommendations to the Board on the most appropriate Board size and composition. This responsibility includes making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity. In discharging its responsibilities, the Nomination Committee develops certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nomination Committee considers the following factors, the details are stated in the Terms of Reference of the Nomination Committee that is available on the Company's website at www.aeonretail.com.my:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Director, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from an Independent Non-Executive Director.

The Board may appoint an individual to be a Director by having selection process for the new appointee as recommended by the Nomination Committee to the Board. The appointed individual will stand for election at the next Annual General Meeting ("AGM") in accordance with the Articles of Association of the Company. The Board did not engage any independent sources to identify suitable qualified candidate during the year. The suitable candidate to be considered for the appointment as a Director is facilitated through recommendations from the Directors, Management and shareholders of the Company. The Nomination Committee will assess and consider the suitability of the candidate based on the criteria set before recommending to the Board for appointment.

The Nomination Committee arranges induction for new appointment such as visits to the Company's significant businesses and meetings with Senior Management personnel, as appropriate, to enable the new appointee to have full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

During the financial year under review, the Nomination Committee evaluated and recommended Mr Yasuo Nishitohge as Non-Independent Non-Executive Director of the Company for the Board's approval. He was appointed as Non-Independent Non-Executive Director of the Company on 30 May 2019. Furthermore, the Nomination Committee also evaluated and recommended Encik Shafie bin Shamsuddin as Managing Director of the Company for the Board's approval with effect from 1 January 2020.



Corporate Governance Overview Statement

6. Board Assessment and Annual Evaluation

The Nomination Committee reviews annually the required mix of skills and experience of Directors, effectiveness of the Board as a whole, succession plans and Board diversity, including gender, age, ethnicity, backgrounds, training courses for Directors and other qualities of the Board such as core competencies, which Non-Executive Directors should bring to the Board.

The evaluation of the suitability of a candidate is solely based on the candidate's competency, character, time commitment, integrity and experience towards the needs of the Company. The assessment and comments by Directors are summarized in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting, which will then be reported at the Board Meeting by the Nomination Committee Chairman. All assessments and evaluations carried out by the Nomination Committee are properly documented.

The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee held two (2) meetings to evaluate the suitability of candidate and recommend to the Board for appointment of a new Director, to review and assess the mix of skills, expertise, composition, size and experience of the Board, including the core competencies of both Executive and Non-Executive Directors, the contributions of each Director (including the Managing Director and Executive Directors), effectiveness of the Board and the Board Committees as well as changes to the Board's composition.

7. Re-election to the Board

The Nomination Committee reviewed the Directors' re-election to the Board on 24 February 2020. In accordance with the Company's Articles of Association, all the Directors are subject to retirement at the AGM every year.

8. Directors' Training

The Board, via the Nomination Committee, continues to identify appropriate briefings, seminars and courses for the Directors to attend in order to keep abreast with changes in legislations and regulations affecting the Company.

As at the date of this report, all Directors have completed the Mandatory Accreditation Programme ("MAP"). The Directors are mindful of the need to continue enhancing their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually being updated on the Company's business and regulatory requirements.

During the financial year under review, the Board members attended briefings, conferences, forums, seminars and training programmes as follows:-

Directors	Briefing/Conference/Forum/Seminar/ Training attended	Date
Datuk Iskandar bin Sarudin	<ul style="list-style-type: none"> • The Convergence of Digitisation and Sustainability • Case Study Workshop for Independent Directors • Top Seminar Session1: Construction of the medical school hospital open to the patient Session2: Vision of Leadership Session3: Creative Ideas, Creative People Session4: Change or Die! Session5: Why DIVERSITY is important	23 August 2019 9 October 2019 24 & 25 October 2019

Corporate Governance Overview Statement

Directors	Briefing/Conference/Forum/Seminar/ Training attended	Date
Shinobu Washizawa (resigned on 31 December 2019)	<ul style="list-style-type: none"> • Top Seminar Session1: Construction of the medical school hospital open to the patient Session2: Vision of Leadership Session3: Creative Ideas, Creative People Session4: Change or Die! Session5: Why DIVERSITY is important • Malaysian Anti-Corruption Commission Act 2009 • Executive Compliance Training 	24 & 25 October 2019 14 November 2019 12 December 2019
Poh Ying Loo	<ul style="list-style-type: none"> • Masterclass: Data Science in Retail • The New Currency Going Cashless • CFO Conference • ESG Seminar (FTSE) • The Convergence of Digitisation and Sustainability • Integrated Reporting Forum and Workshop • Top Seminar Session1: Construction of the medical school hospital open to the patient Session2: Vision of Leadership Session3: Creative Ideas, Creative People Session4: Change or Die! Session5: Why DIVERSITY is important • Malaysian Anti-Corruption Commission Act 2009 • Executive Compliance Training 	29 January 2019 23 April 2019 13 June 2019 20 August 2019 23 August 2019 10 September 2019 24 & 25 October 2019 14 November 2019 12 December 2019
Hiroyuki Kotera	<ul style="list-style-type: none"> • Executive Compliance Training 	12 December 2019
Datuk Syed Ahmad Helmy bin Syed Ahmad	<ul style="list-style-type: none"> • Making Wise Decisions • Anti-Bribery Management System (ABMS) ISO:37001 • Accelerate Workshop Series: Be the Change • Leadership Greatness in Turbulent Times – Building Corporate Longevity • MFRS 9 Financial Instrument 	26 March 2019 9 April 2019 16 & 17 April 2019 26 June 2019 9 July 2019
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	<ul style="list-style-type: none"> • CG Watch: How Does Malaysia Rank? 	3 May 2019
Abdul Rahim bin Abdul Hamid	<ul style="list-style-type: none"> • Governance Symposium • Leadership Greatness in Turbulent Times: Building Corporate Longevity • Latest Development of the Malaysian Code on Corporate Governance • The Convergence of Digitisation and Sustainability 	7 March 2019 26 June 2019 31 July 2019 23 August 2019
Charles Tseng @ Charles Tseng Chia Chun	<ul style="list-style-type: none"> • Independent Directors: Towards Boardroom Excellence • The Essence of Independence 	18 April 2019 27 June 2019



Corporate Governance Overview Statement

Directors	Briefing/Conference/Forum/Seminar/ Training attended	Date
Chong Swee Ying	<ul style="list-style-type: none"> Better Together (business lunch seminar) Avoiding Competition Law Violations-Formulating an Effective Compliance Policy The Convergence of Digitisation and Sustainability Empowering Women Series: Bursa Malaysia Diversity Xperience 	3 April 2019 17 July 2019 23 August 2019 25 September & 2 October 2019
Yasuo Nishitohge (appointed on 30 May 2019)	<ul style="list-style-type: none"> Mandatory Accreditation Programme Top Seminar Session1: Construction of the medical school hospital open to the patient Session2: Vision of Leadership Session3: Creative Ideas, Creative People Session4: Change or Die! Session5: Why DIVERSITY is important 	23 & 24 September 2019 24 & 25 October 2019

The Company Secretaries brief and highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board, among others, the amendments to the Listing Requirements of Bursa Securities, the new requirements of MCCG and the Companies Act 2016. The External Auditors also brief the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements.

III. Remuneration

1. Remuneration Committee

The Remuneration Committee establishes sets of policy and framework as well as reviews the remuneration of Directors that is linked to strategy and/or performance or long term objectives of the Company, to ensure that the Company is able to attract and retain capable Directors. The Remuneration Committee adopts the ultimate holding company's employee compensation plan to set the remuneration of its Executive Directors. The Executive Directors' remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

The Remuneration Committee consists of the following members:

Name	Designation
Datuk Iskandar bin Sarudin	Chairman (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)
Abdul Rahim bin Abdul Hamid	Member (Independent Non-Executive Director)

The Company's Remuneration Committee comprises wholly Independent Non-Executive Directors and at least three (3) members in total. The Remuneration Committee met once during the financial year under review to discuss about the remuneration packages of all Directors.

2. Directors' Remuneration

The determination of the remuneration packages is a matter for the Board as a whole. The Executive Directors concerned abstain from deliberating their own remuneration but may attend the Remuneration Committee meetings at the invitation of the Chairman of the Remuneration Committee if their presence is required.

During the financial year under review, the Remuneration Committee reviewed and recommended the remuneration of the Managing Director and Executive Directors of the Company for Board's approval pursuant to the Terms of Reference of Remuneration Committee. Directors' fees and benefits payable to the Directors had also been reviewed and recommended by the Remuneration Committee to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Articles of Association of the Company. No Director is involved in deciding his/her own remuneration.



Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee (“ARMC”)

The Board upholds the integrity in financial reporting. The ARMC is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company’s internal and external audit functions, risk management, compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The ARMC is also responsible in ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The ARMC has in its Terms of Reference provides that a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of ARMC.

The ARMC comprises three members all of whom are Independent Non-Executive Directors, with Encik Abdul Rahim bin Abdul Hamid as the ARMC Chairman. The composition of the ARMC, including its roles and responsibilities, number of meetings and attendance of ARMC, a summary of ARMC activities and Internal Auditors’ activities during the financial year under review are set out on pages 74 to 77 under the Audit and Risk Management Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board recognises its responsibilities over the Company’s internal control and risk management framework.

The Board has established an ongoing process for identifying, evaluating and managing significant risks which may affect the Company’s business objectives. The Board, through its ARMC, regularly reviews this process to ensure the internal control and risk management frameworks are adequate and effective.

The ARMC meets regularly to review the identified risks and discuss on mitigation actions in place, which are reported to ARMC quarterly.

The Board has via the ARMC established a risk management framework based on the principles and guidelines under Risk Management ISO 31000: 2010 (which is a standard relating to risk management codified by the International Organisation for Standardisation) for the setting of objectives, risk identification, assessment, prioritisation, mitigation and monitoring. The ARMC assists the Board to discharge these responsibilities by overseeing and reviewing the risk management framework and its effectiveness. The ARMC processes are designed to establish a proactive framework and dialogue in which the ARMC, the Management, the External and Internal Auditors are able to review and assess the risk management framework. The Risk and Crisis Management Department reports to ARMC on quarterly basis.

Details on internal control and risk management framework are set out on pages 78 to 81 under the Statement on Risk Management and Internal Control of the Annual Report. As a priority, the Board continues to review the Company’s risk management framework and oversee the Company’s strategic risk management and internal control framework.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**I. Communication with Stakeholders**

The Board recognises the importance of an effective communication with stakeholders. Corporate disclosure policies and procedures through the organisation's functions enable comprehensive, accurate and timely information relating to the Company to be disclosed to the shareholders and other stakeholders as well as to comply with the disclosure requirements as stipulated in the MMLR.

The Board also establishes a dedicated section for corporate information disclosure on the Company's website (www.aeonretail.com.my) where information on the Company's announcements, financial information, share prices and the Company's annual report can be found. Contact details of designated persons to address queries are also published on this website.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. Further updates of the Company's activities and operations are also disseminated to shareholders and investors through dialogues with analysts and fund managers, investor relations roadshows and the media.

II. Conduct of General Meetings

AGM provides a platform for the shareholders to interact or engage directly with the Board and Senior Management. At the AGM, an overview on the Company's performance and major activities being carried out during the financial year under review is presented. Shareholders are encouraged to enquire or comment about the Company's financial performance and business operations in general. Additionally, shareholders participate in the deliberations of the proposed resolutions are given opportunities to seek clarification before proceeding to poll voting.

During the Thirty-Fourth (34th) AGM, an Executive Director provided shareholders with a brief review on the Company's financial performance and operations. The Chairman informed that the Company had not received questions from the Minority Shareholder Watchdog Group ("MSWG"). The Chairman of the ARMC, Nomination Committee and Remuneration Committee were present at the last AGM. All Directors endeavor to attend the upcoming AGM, which shall provide shareholders opportunities to enquire the Directors in person on the Company's performance and operations.

Notice of the 34th AGM was circulated at least twenty eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, which is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of MMLR of Bursa Securities. Notice of AGM was also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allowed shareholders to have immediate access of the notice of AGM and made necessary preparations for the AGM.

The Company will dispatch Notice of AGM at least twenty-eight (28) days prior to the upcoming AGM.

The CG Overview Statement was approved by the Board of Directors on 24 February 2020.

Audit and Risk Management Committee Report

The Board is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 December 2019.

COMPOSITION

The Audit and Risk Management Committee ("ARMC") comprises the following members:

Name	Designation
Abdul Rahim bin Abdul Hamid	Chairman (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	Member (Independent Non-Executive Director)

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year under review, the Terms of Reference of the ARMC was reviewed, updated and approved by the Board of Directors on 27 February 2019.

The Terms of Reference of the ARMC is available on the Company's website at www.aeonretail.com.my.

The Nomination Committee shall review the terms of office and performance of the ARMC and each of its members annually to determine whether the ARMC and the members have carried out their duties in accordance with the Terms of Reference. During the financial year under review, the Nomination Committee and the Board had reviewed the terms of office and performance of the ARMC and each of the ARMC members to determine whether the ARMC and the members have carried out their duties in accordance with the Terms of Reference.

MEETINGS

During the financial year under review, the ARMC convened four (4) meetings. The attendance records of the members of the ARMC are as follows:

Name	Number of meetings attended/held during the member's term in office
Abdul Rahim bin Abdul Hamid – Chairman	4/4
Charles Tseng @ Charles Tseng Chia Chun	4/4
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	3/4

The meetings were structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present in all the meetings. The representatives of the External Auditors, Messrs KPMG Desa Megat PLT have attended two (2) meetings for the financial year ended 31 December 2019, the managing director, the Head of Finance, Head of Internal Audit, Head of Legal, Senior Finance Managers, manager of Risk Management and operations management attended the meetings as when invited. The ARMC meetings were also attended by other Board members and Senior Management members as and when deemed necessary upon invitation by the ARMC.

SUMMARY OF THE ACTIVITIES DURING THE YEAR UNDER REVIEW

During the year under review, the ARMC performed its duties in accordance with its Terms of Reference.

The summary of works and activities that the ARMC carried out during the financial year ended 31 December 2019 are described below :

Financial Reporting Results

- a. Reviewed with management and the External Auditors and deliberated on the quarterly financial statements and the audited financial statements for the financial year before submission to the Board for consideration and approval.
- b. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standard such as MFRS 16 as well as accounting treatment used in the financial statements.

External Audit

- a. Reviewed the External Auditors' scope of work and audit plan for the year.
- b. Reviewed and discussed the External Auditors' audit report of the Financial Statements and key audit matters.
- c. Reviewed External Auditors' terms of reference of their appointment and independence and their audit and non-audit related fees.
- d. Reviewed External Auditors' management letters and management responses.
- e. Evaluated the effectiveness of the external auditors and made recommendations to the Board.
- f. In the financial year under review, the Audit and Risk Management Committee held two (2) meetings with the External Auditors on 25 February 2019 and 26 November 2019 without the presence of the management, to allow the External Auditors to discuss any issues arising from the audit exercise or any other matters, which the External Auditors wished to raise.

Internal Audit

- a. Reviewed and approved the annual audit plan to ensure adequate scope and comprehensive coverage of AEON's activities.
- b. Reviewed and deliberated on internal audit reports tabled during the year, the audit recommendations made and Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory response to address identified risks.
- c. Monitored the implementation of mitigating actions by Management on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were properly and timely addressed.
- d. Had private meetings with the Head of Internal Audit on 25 February 2019 and 26 November 2019 for discussions on audit related matters and activities of the Internal Audit Department without the presence of Management.
- e. Reviewed the Key Performance Indicators, performance, competency and resources of the Internal Audit functions to ensure that it has the required expertise and professionalism to discharge its duties.

Related Party Transaction

- a. Reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the review procedures established to monitor the related party transactions have been complied with in accordance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").
- b. Reviewed the circular to shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for Board's approval.



Audit and Risk Management Committee Report

Risk Management and Internal Control

- a. Reviewed its risk management framework process and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholder's investments and the assets of the Company.
- b. Reviewed the key risks identified by Risk Management Committee ("RMC") quarterly to determine the adequacy of actions taken to address and mitigate the risks, which includes overall risk profile, changes and updates on the number of key risks, ascertain new risks and the corresponding mitigating actions.

The details of the risk management is reported separately under Statement on Risk Management and internal Control on pages 78 to 81.

Compliance

- a. Monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.
- b. Reviewed and discussed the Japanese Sarbanes Oxley (J-SOX) Compliance Assessment Progress Report for the Company.
- c. Reviewed the Terms of Reference of the ARMC to be in line with Malaysian Code on Corporate Governance prior to the recommendation to the Board of Directors for adoption.
- d. Reviewed the Corporate Governance Overview Statement, Corporate Governance Report and ARMC Report prior to submission to the Board for consideration and approval for inclusion in the Annual Report 2019.

Others

Reported to the Board on its activities and significant findings and results of the External and Internal Audit recommendations.

Internal Audit Function

Audit activities are carried out by the Internal Audit Division led by the Head of Internal Audit, Mr. Lee Choon Lam. He has a qualification of Chartered Institute of Management Accountant ("CIMA"), a Chartered Accountant, member of the MIA and Professional Member of The Institute of Internal Auditors Malaysia. He reports directly to the ARMC. The ARMC determines the adequacy of the scope, functions, competency and resources of the Internal Audit Division and ensures that it has the necessary authority to carry out its work.

The Internal Audit Division provides independent and reasonable assurance to add value and improve the operations of AEON. The Internal Audit Charter sets out the purpose, authority, responsibilities, reporting of the internal audit function and it encompasses:

- examination and evaluation of the adequacy, integrity and effectiveness of the Company's overall system of internal control, risk management and governance;
- review related party transactions and reports to ascertain that the review procedures established to monitor the related party transactions have complied with the Main Market Listing Requirements of Bursa Securities;
- review Japanese Sarbanes Oxley (J-SOX) Compliance as part of AEON Group requirement;
- monitor and evaluate governance processes in accordance to the requirement of the current Malaysia Code on Corporate Governance;
- investigate and report on suspicious and fraud cases, if any.

Reviews are carried out based on the approved Audit Plan for 2019, which was developed using a risk-based approach and in line with the Company's direction. The Audit Plan was assessed on a quarterly basis in alignment with the business and risk environment.

Audit and Risk Management Committee Report

The internal audit function is based along the principles and guidelines promulgated by The Institute of Internal Auditors (IIA) in International Professional Practices Framework (IPPF) for an internal audit function. AEON CO. (M) BHD. is a corporate member of IIA Malaysia.

The internal audit functions in a manner consistent with the International Standards for the Professional Practice of Internal Auditing (ISPPA) together with its Code of Ethics that encompass all the mandatory elements of the IPPF, which demonstrate its practices are in line with a recognized framework.

The principles to having an effective internal audit function has been outlined in the Internal Audit Charter and Internal Audit Manual. The Internal Audit Charter sets out the purpose, authority, responsibilities, reporting of the Internal Audit function and maintaining independence and objectivity status. The Internal Audit Manual outlines risk based auditing approach in accordance with the ISPPA. The guidelines in the Internal Audit Manual is intended to guide internal auditors. For each audit, a systematic methodology is adopted, which primarily includes performing risk assessment, developing audit planning memorandum, conducting audit, convening exit meeting and finalising audit report. The audit reports detail out the objectives, scope of audit work, findings, management responses and conclusion in an objective manner and are distributed to the responsible parties.

For the financial year ended 31 December 2019, ninety (90) audits were completed on various operation units at stores, malls and HQ. All audit findings were highlighted to relevant Management team members responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. Summary of the audit reports were issued to the ARMC, quarterly incorporating findings and Management's remediation actions.

Internal Audit Division comprises thirteen (13) auditors with mix level of expertise. During the year, the internal auditors attended various external training programmes, aimed at maintaining and enhancing the desired competency levels. The internal auditors also attended training programmes on Code of Conduct and the Head of the Internal Audit has signed an Annual Declaration for Assessment of Conflict of Interest in adherence to AEON Code of Conducts.

In order to maintain its independence and objectivity, the Internal Audit Division has no operational responsibility and authority over the activities it audits.

The total costs incurred for the internal audit function for the year was RM965,000 (2019: RM1,045,000).

The ARMC Report was made in accordance with the resolution and approved by the Board on 24 February 2020.

Statement on Risk Management and Internal Control

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of listed companies are required to include in their annual report, a statement about the risk management and internal control for the listed issuer.

Accordingly, the Board is pleased to provide the Statement on Risk Management and Internal Control that has been prepared in accordance with the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” endorsed by Bursa.

BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibilities over the Company's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investment and the Company's assets.

The Board has an established on-going process for identifying, evaluating, prioritizing and managing the significant risks encountered by the Company. The Board through its Audit and Risk Management Committee (“ARMC”) regularly reviews this process.

In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate the risk of failure to achieve the Company's corporate objectives.

The ARMC assists the Board to review the adequacy and effectiveness of the system of internal controls in the Company and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board. The ARMC presents its findings to the Board quarterly.

The Board has received assurance from the Managing Director and the Executive Director/Chief Financial Officer that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company during the financial year under review and up to the date of this Statement.

MANAGEMENT'S RESPONSIBILITIES

Management acknowledges their responsibilities to identify, evaluate, prioritise and continuously monitor and mitigate the risks faced by the Company's system of internal controls. Management is responsible for implementing Board-approved policies and procedures on risk management and internal controls. Management is expected to provide assurance to the board that the risk management and internal control systems are operating adequately and effectively based on the risk management framework adopted by the Company.

RISK MANAGEMENT FRAMEWORK

The Company has a Risk Management framework in place to identify, evaluate, mitigate and manage significant risks that may affect the achievement of the AEON business objectives. The Company adopts an Enterprise Risk Management (“ERM”) framework which is in accordance to the principles and guidelines of Risk Management ISO31000:2010. An established structured process has been set up where significant risks are reviewed and reported to the ARMC on quarterly basis.

The key elements of the Risk Management Framework of the Company are as follows:

- Risk Governance Structure
- Risk Appetite
- Risk Management Processes

Risk Governance Structure

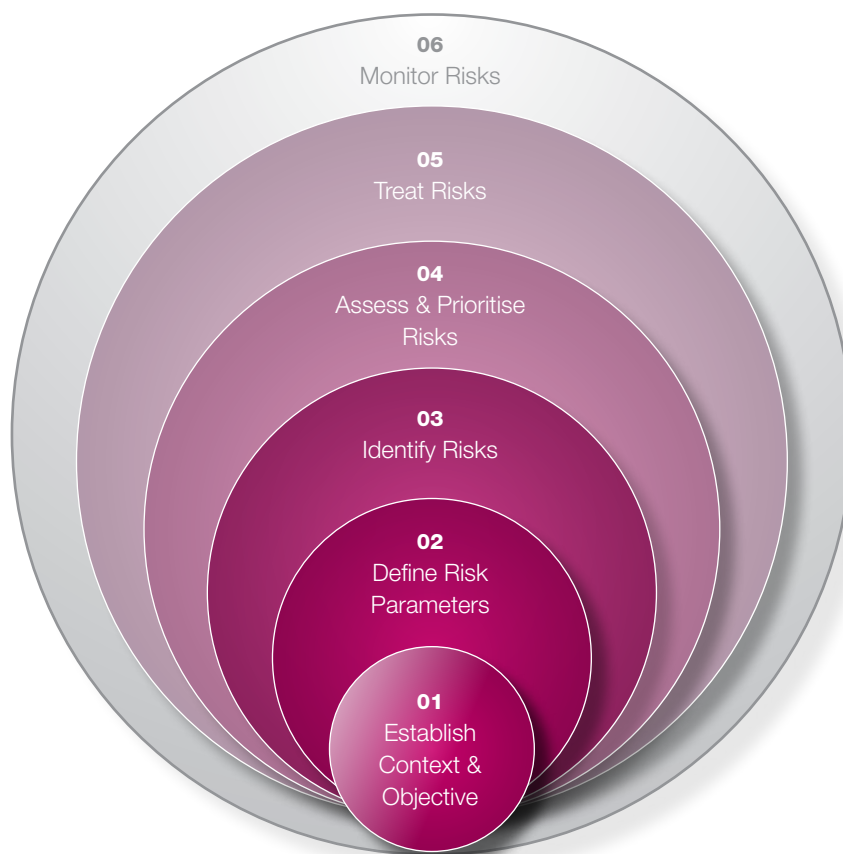
The Risk Governance structure set out the roles and responsibilities of the Board, the ARMC and the risk owners involved in the three lines of defence for risk management which consist of business unit heads as first line of defence, risk management unit as second line of defence and internal audit as the third line of defence.

Risk Appetite

The Company’s risk appetite defines the level of risk that the Company is prepared to accept to achieve its mission and objective. The risk appetite statement serves as a guide for the Company in formulating and planning risk taking activities, which in line with the company’s mission and strategy.

Risk Management Process

The risk management process adopted by the Company are as follows:



The above section outlined the establishment of the understanding of the business and operating environment, establishing risk ownership, identifying key risk that will have adverse impact to the Company’s objectives, analyzing root causes, developing the appropriate risk treatment, monitoring and continuously monitor and report of risks on periodical basis.

The Company adopts the Risk and Control Self-Assessment (“RCSA”) method to regulates the risk management process for Corporate Business Units, Store Operations and Shopping Malls. Through implementation of risk profile, it allows the respective Business Units to perform risk activities , such as identify, prioritise, undertake the adequate mitigation strategies and plan, evaluate and keep monitoring controls.



Statement on Risk Management and Internal Control

Strategic risks of the Company are outlined and evaluated at the corporate level by the related business units. The key features of the risk management process are:-

- The Corporate Business Unit Heads are required to update their risk profiles on a quarterly basis for the corporate risk profile. Operational Heads of Store and Shopping Malls update their operational risk profiles on bi - annual basis. They have further carried out their responsibilities to review, update and comply to the risk process requirement and continue to monitor and ensure the execution;
- Identification of emerging risks and implementation of controls and action plans are carried out by Risk and Crisis Management Department with the respective Business Heads at the corporate and operational level to instill a continuous effort to manage emerging risks and execute relevant controls and action plans to mitigate new risks;
- A risk management report is presented by the Risk & Crisis Management Department to the ARMC on a quarterly basis for their review, deliberation and recommendation for endorsement by the Board.

RISK AND CRISIS MANAGEMENT FUNCTION

Risk and Crisis Management Department (“Risk Management”) facilitates the implementation of the risk management policy, framework and processes for the Corporate Business Unit, Departmental, Operational business of Store and Shopping Malls. Risk Management is responsible:

- To assist the business units through continuous review of the risk profiles and attentive to risks that may impede the achievement of corporate and business objectives by ensuring risks are adequately identified, evaluated, managed and controlled;
- To oversee the Company’s crisis management by administering the function of crisis plan and communication by developing the crisis policy, framework, processes and procedures.
- To monitor, facilitate and coordinate, or if necessary, activate any crisis management plan and actions relating to any operational disruption to daily business activities.

THE INTERNAL CONTROL PROCESSES

The main key aspects of internal control processes are:

- The management structure of the Company formally defines lines of responsibility and delegation of authority for all aspect of the Company’s affairs. Senior management and business unit’s managers submit and present their operational performance reviews, business plans and strategic measures in weekly general managers meetings, monthly operational management meetings, store and shopping mall managers meetings;
- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Company’s performance on a quarterly basis;
- The authorisation limits and approvals authority threshold of the Company encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;
- The ARMC is responsible for reviewing the statutory annual financial statements and the quarterly announcements and recommends to the Board for approval prior to submission to Bursa Securities;
- The Internal Audit Department periodically audits the effectiveness and evaluates the proper functioning of the internal control system to ascertain compliance with the control procedures and policies of the Company. The Head of Internal Audit reports to ARMC on the conditions of internal control systems on a quarterly basis;
- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Company;
- The Head of Internal Audit provides an independent assessment of the adequacy of the risk management process. He reports to the ARMC on the effectiveness of the risk management.



Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION

Audit and Risk Management Committee (“ARMC”) assisted by the in-house Internal Audit Department, provides the Board with the assurance it requires on the adequacy and effectiveness of the system of internal controls. The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the ARMC on a quarterly basis.

The Internal Audit Department also carried out internal control reviews on key activities of the Company’s business on the basis of an annual internal audit plan that was presented and approved by the ARMC. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Company.

ASSOCIATES

The Company’s system of risk management and internal control does not include the state of risk management and internal controls in associates.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed the SORMIC pursuant to the scope set out in the Audit and Assurance Practice Guide (“AAPG”) 3 issued by the MIA for inclusion in the 2019 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. AAPG 3 does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company’s risk management and internal control system including assessment and opinion by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board reviewed the adequacy and effectiveness of the system of internal controls and risk management that provides reasonable assurance to the Company in achieving its business objectives. As the development of a sound system of internal controls is an on-going process, the Board and the Management maintain an on-going commitment and continue to take appropriate measures to strengthen the risk management and internal control environment of the Company.

The Board is in the view that the risk management and internal control systems have been in place for the year under review and up to the date of approval of this Statement is adequate and effective to safeguard the shareholders’ investment, the interest of customers, regulators and employees, and the Company’s assets.

This Statement on Risk Management and Internal Control is approved by the Board dated on 24 February 2020.

Additional Compliance Information

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

MATERIAL CONTRACTS

There were no material contracts entered into by the Company involving Directors' and major shareholders' interest 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 (not being contracts entered into in the ordinary course of business) except as disclosed below and in Notes 29 to the financial statements under "Related Parties" on pages 136 to 137 of this Annual Report.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2019, the amount of audit and non-audit fees paid by the Company to the External Auditors and its affiliates are as follows:

	Company RM'000
Audit services rendered	280
Non-audit services rendered	182
Total	462

During the financial year, the amount incurred in respect of non-audit related fees amounted to RM182,000 which comprised assignments for tax consultation and advisory fee including for professional fee, Statement of Risk Management and Internal Control review and sales verification review fee.

UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Thirty-Fourth Annual General Meeting ("AGM") held on Thursday, 30 May 2019, 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 31 December 2019 is set out on page 137 of the Annual Report.



Statement of Directors' Responsibility

Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors is responsible for ensuring that the annual audited financial statements of the Company are prepared with reasonable accuracy from the accounting records so as to give true and fair view of the financial position of the Company as at 31 December 2019, and of their performance and cash flows for the year then ended.

The Board is also responsible for ensuring that the annual audited financial statements of the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the requirements of the Companies Act 2016, the Listing Requirements of Bursa Malaysia Securities Berhad and other regulatory bodies.

In preparing the annual audited financial statements, the Directors and Management have ascertained that the relevant accounting policies and reasonable prudent judgement and estimates have been consistently applied. The Directors and Management also have a general responsibility for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.



Financial Statements

for the year ended 31 December 2019

Directors' Report

for the year ended 31 December 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Company is a subsidiary of AEON Co., Ltd., of which is incorporated in Japan and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

RESULTS

	RM'000
Profit for the year	109,292

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDEND

Since the end of the previous financial year, the Company paid a final dividend of 4.00 sen per ordinary share totalling RM56,160,000 in respect of the financial year ended 31 December 2018 as reported in the Directors' Report of that year on 11 July 2019.

A final dividend recommended by the Directors in respect of the financial year ended 31 December 2019 is 4.00 sen per ordinary share totalling RM56,160,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Datuk Iskandar bin Sarudin
 Poh Ying Loo
 Hiroyuki Kotera
 Datuk Syed Ahmad Helmy bin Syed Ahmad
 Dato' Tunku Putra Badlishah Ibni Tunku Annuar
 Abdul Rahim bin Abdul Hamid
 Charles Tseng @ Charles Tseng Chia Chun
 Chong Swee Ying
 Shinobu Washizawa (resigned on 31 December 2019)
 Yasuo Nishitohge (appointed on 30 May 2019)
 Shafie bin Shamsuddin (appointed on 1 January 2020)



Directors' Report

for the year ended 31 December 2019

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares and options over shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2019
	At 1.1.2019	Bought	Sold	
Shareholdings in which Directors have direct interests				
Interest of Poh Ying Loo in:				
AEON CO. (M) BHD.	144,000	20,000	–	164,000
AEON Credit Service (M) Berhad	1,800	–	–	1,800
Interest of Chong Swee Ying in:				
AEON CO. (M) BHD.	22,600	–	–	22,600
AEON Credit Service (M) Berhad	20,440	–	(4,000)	16,440

Shareholdings in which Directors have deemed interests

Interest of Poh Ying Loo in:				
AEON CO. (M) BHD.	96,000	–	–	96,000
Interest of Chong Swee Ying in:				
AEON Credit Service (M) Berhad	5,220	–	(2,000)	3,220

Number of 3.5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

	Number of 3.5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")			At 31.12.2019
	At 1.1.2019	Bought	Sold	

ICULS in which Directors have direct interests

Interest of Poh Ying Loo in:				
AEON Credit Service (M) Berhad	3,600	–	–	3,600

None of the other Directors holding office at 31 December 2019 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for indemnity given to/insurance effected for the Directors and Officers of the Company was RM30,000. There were no indemnity given to/insurance effected for the auditors of the Company during the year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have 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) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company 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 substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, except for the impairment loss of property, plant and equipment and right-of-use assets of RM10,592,000 and RM10,567,000 respectively as disclosed in the financial statements, the financial performance of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



Directors' Report

for the year ended 31 December 2019

SUBSEQUENT EVENT

The significant event subsequent to the financial year is disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, KPMG Desa Megat PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Iskandar bin Sarudin

Director

Hiroyuki Kotera

Director

Kuala Lumpur

Date: 14 May 2020

Statement of Financial Position

as at 31 December 2019

	Note	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	3	3,647,203	3,699,455
Right of use asset	4	1,772,427	–
Intangible assets	5	11,980	14,179
Investments in associates	6	10,934	11,053
Other investments	7	65,666	71,053
Other assets	8	19,024	17,954
Deferred tax assets	9	120,059	2,242
Total non-current assets		5,647,293	3,815,936
Inventories	10	754,072	680,140
Contract assets	11	19,728	18,771
Receivables, deposits and prepayments	12	49,699	49,705
Cash and cash equivalents	13	66,982	82,154
Total current assets		890,481	830,770
Total assets		6,537,774	4,646,706
Equity			
Share capital		702,000	702,000
Fair value reserve		64,636	70,023
Retained earnings		929,034	1,248,352
Equity attributable to owners of the Company	14	1,695,670	2,020,375
Liabilities			
Borrowings	15	205,080	350,160
Lease liabilities		2,146,022	–
Other liabilities	16	20,774	17,734
Total non-current liabilities		2,371,876	367,894
Borrowings	15	723,580	645,263
Lease liabilities		147,076	–
Payables and accruals	17	1,435,240	1,429,834
Contract liabilities	11	154,182	157,981
Current tax liability		10,150	25,359
Total current liabilities		2,470,228	2,258,437
Total liabilities		4,842,104	2,626,331
Total equity and liabilities		6,537,774	4,646,706

The notes on pages 95 to 151 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

	Note	2019 RM'000	2018 RM'000
Continuing operations			
Revenue	18	4,538,884	4,353,640
Other operating income		9,002	8,414
Changes in inventories		73,932	69,409
Net purchases		(2,757,139)	(2,661,816)
Staff costs		(330,340)	(307,999)
Depreciation of property, plant and equipment	3	(314,829)	(297,807)
Depreciation of right of use	4	(163,726)	–
Amortisation of intangible assets	5	(6,243)	(6,191)
Operating expenses		(690,818)	(917,960)
Results from operating activities			
Interest expense	19	358,723	239,690
Interest income	20	(162,927)	(42,935)
Share of losses of equity-accounted associates, net of tax		1,210	1,403
		(119)	(11,120)
Profit before tax			
Tax expense	22	196,887	187,038
		(87,595)	(81,915)
Profit for the year			
		109,292	105,123
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	23	(5,387)	8,545
Total comprehensive income for the year			
		103,905	113,668
Basic earnings per ordinary share (sen)			
	24	7.78	7.49

Statement of Changes in Equity

for the year ended 31 December 2019

	Note	<-----Attributable to owners of the Company----->			Total equity RM'000
		<---Non-distributable---> Share capital RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	
At 1 January 2018		702,000	61,478	1,199,389	1,962,867
Net change in fair value of equity investments designated at FVOCI		–	8,545	–	8,545
Profit for the year		–	–	105,123	105,123
Total comprehensive income for the year		–	8,545	105,123	113,668
Final dividend in respect of year ended 31 December 2017	25	–	–	(56,160)	(56,160)
At 31 December 2018/ 1 January 2019 as previously reported		702,000	70,023	1,248,352	2,020,375
Adjustment on initial application of MFRS 16, Net of tax		–	–	(372,450)	(372,450)
At 1 January 2019, restated		702,000	70,023	875,902	1,647,925
Net change in fair value of equity investments designated at FVOCI		–	(5,387)	–	(5,387)
Profit for the year		–	–	109,292	109,292
Total comprehensive income for the year		–	(5,387)	109,292	103,905
Final dividend in respect of year ended 31 December 2018	25	–	–	(56,160)	(56,160)
At 31 December 2019		702,000	64,636	929,034	1,695,670
		Note 14	Note 14		

The notes on pages 95 to 151 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities			
Profit before tax		196,887	187,038
Adjustments for:			
Amortisation of intangible assets	5	6,243	6,191
Depreciation of property, plant and equipment	3	314,829	297,807
Depreciation of right of use assets	4	163,726	–
Dividend income		(2,339)	(2,103)
Impairment loss on:			
- Property, plant and equipment	3.1	10,592	17,606
- Right of use asset	4	10,567	–
- Intangible assets	5	6	134
- Investment in an associate	6.1	–	8,009
Loss on early termination of lease		63	–
(Gain)/Loss on disposal of property, plant and equipment		(268)	261
Interest expense		162,927	42,935
Interest income		(1,210)	(1,403)
Property, plant and equipment written off		1,838	7,154
Intangible assets written off		24	143
Share of results of associates		119	11,120
Operating profit before changes in working capital		864,004	574,892
Changes in working capital:			
Inventories		(73,932)	(69,409)
Receivables, deposits and prepayments and other assets		(188)	20,715
Payables and accruals and other liabilities		6,978	117,534
Contract assets		(957)	(1,487)
Contract liabilities		(3,799)	11,938
Cash generated from operations		792,106	654,183
Tax paid		(103,005)	(90,421)
Net cash from operating activities		689,101	563,762
Cash flows from investing activities			
Acquisition of:			
- Property, plant and equipment	3	(270,971)	(519,119)
- Intangible assets	5	(3,286)	(3,079)
Proceeds from disposal of:			
- Property, plant and equipment		268	541
Dividend received		2,339	2,103
Interest received		1,210	1,403
Net cash used in investing activities		(270,440)	(518,151)

Statement of Cash Flows
for the year ended 31 December 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from financing activities			
Proceeds from borrowings		360,000	840,100
Repayment of borrowings		(426,763)	(782,347)
Dividend paid to owners of the Company	25	(56,160)	(56,160)
Payment of lease liabilities		(143,689)	–
Interest paid		(167,221)	(43,644)
Net cash used in financing activities		(433,833)	(42,051)
Net (decrease)/increase in cash and cash equivalents		(15,172)	3,560
Cash and cash equivalents at beginning of year		82,154	78,594
Cash and cash equivalents at end of year	(i)	66,982	82,154

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Note	2019 RM'000	2018 RM'000
Cash and bank balances	13	46,732	36,006
Deposits with licensed financial institutions	13	20,250	46,148
		66,982	82,154

(ii) Cash outflows for leases as a lessee

	2019 RM'000	2018 RM'000
Included in net cash from operating activities:		
Payment relating to short-term leases	2,714	–
Payment relating to leases of low-value assets	250	–
Interest paid in relation to lease liabilities	122,335	–
Included in net cash from financing activities:		
Payment of lease liabilities	143,689	–
Total cash outflows for leases	268,988	–

Statement of Cash Flows

for the year ended 31 December 2019

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2018 RM'000	Net changes from financing cash flows RM'000	At 31 December 2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 31 December 2019 RM'000
Bank loans	385,070	130,253	515,323	-	515,323	(165,163)	-	350,160
Revolving credits								
- Unsecured	317,600	162,500	480,100	-	480,100	(201,600)	-	278,500
Islamic Commercial Papers								
- unsecured	235,000	(235,000)	-	-	-	300,000	-	300,000
Lease liabilities	-	-	-	2,301,568	2,301,568	(143,689)	135,219	2,293,098
Total liabilities from financing activities	937,670	57,753	995,423	2,301,568	3,296,991	(210,452)	135,219	3,221,758

The notes on pages 95 to 151 are an integral part of these financial statements.



Notes to the Financial Statements

AEON CO. (M) BHD. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office which is also the principal place of business is as follows:

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras
55100 Kuala Lumpur

The financial statements of the Company for the financial year ended 31 December 2019 comprise the Company and the Company's interests in associates.

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation.

The holding company during the financial year is AEON Co., Ltd., a company incorporated in Japan.

These financial statements were authorised for issue by the Board of Directors on 14 May 2020.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretation and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*



Notes to the Financial Statements

1. BASIS OF PREPARATION (continued)**(a) Statement of compliance (continued)**

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020, except for amendments to MFRS 3 which is not applicable to the Company.

The Company does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Company.

The initial application of the abovementioned accounting standards, amendments or interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2. As at 31 December 2019, the Company's current liabilities exceeded its current assets by RM1,579,540,000 (2018: RM1,427,667,000).

The Company has established an Islamic Commercial Papers Programme with a limit up to RM300.0 million and an Islamic Medium Term Notes Programme with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement. As at 31 December 2019, a total of RM700 million (2018: RM1.0 billion) in respect of this facility has yet to be issued. As at year end, RM493.5 million (2018: RM291.0 million) of revolving loan remain unutilised. Given the available financing facilities and the ability of the Company to generate sufficient operating cash flows, the Directors are of the opinion that the Company will be able to meet its liabilities as and when they fall due.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – Measurement of the recoverable amounts of cash-generating units
- Note 4 – Extension options and incremental borrowing rate in relation to leases
- Note 10 – Inventories
- Note 11 – Contract liabilities
- Note 16 – Other liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in this financial statement, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Company as compared to those applied in previous financial statements. The report arising from the changes are disclosed in Note 32.

(a) Accounting for investment in associate

(i) Associates

Associates are entities, including unincorporated entities, in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the Company's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The financial statements include the Company's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Company's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(ii) Transactions eliminated

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Company's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial measurement and recognition

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial assets (continued)*****(a) Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2 (j)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income - Equity investments

This category comprises investment in equity that is not held for trading, and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2 (j)(i)).

Financial liabilities***Amortised Cost***

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the 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, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and construction work-in-progress are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated 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 costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "operating expenses" respectively in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is 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 the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	74 - 97 years
• Buildings	25 - 50 years
• Structures	10 years
• Office equipment	10 years
• Machinery and equipment	3 - 10 years
• Furniture, fixtures and fittings	5 years
• Motor vehicles	5 years
• IT equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

The Company has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Current financial year

(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 Company assesses whether:

- the contract involves the use of an identified asset – this 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 company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the company has the right to direct the use of the asset. The company 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 company has the right to direct the use of the asset if either the company has the right to operate the asset; or the company 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 Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Company recognises 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 or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company use its incremental borrowing rate as the discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise.

The Company excludes variable lease payments that 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 Company has 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 Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement

(a) As a lessee

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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Previous financial year (continued)

As a lessee (continued)

(ii) Operating lease

Leases, where the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(f) Intangible assets

(i) Recognition and measurement

Intangible assets represent software and franchise fees acquired by the Company and are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Intangible assets are amortised from the date they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Information technology software 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost comprises the weighted average cost of merchandise derived at by using the Retail Inventory Method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Contract asset/Contract liability

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of its short term commitments.

(j) Impairment

(i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried 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 of the financial asset have occurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax asset and inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(m) Revenue and other income

(i) Retail sales - goods sold and commission earned

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of the asset.

The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Company performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

When the Company acts in a capacity of an agent rather than as the principal in a transaction, the revenue is recognised upon the sale of goods and is the net amount of commission made by the Company.

For items that are not sold separately – e.g. customer loyalty programme and customer rebates – the Company estimates stand-alone selling prices as follow:

Customer loyalty awards

The Company operates the customer loyalty programme, which allows customers to accumulate points when they purchase products at the Company's stores and these points are redeemable for gift vouchers.

The consideration received from the sale of goods is allocated to the goods sold and the points issued that are expected to be redeemed. The consideration allocated to the points issued is measured at fair value of the points. It is recognised as a liability (contract liability) in the statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number of points expected to be redeemed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) Revenue and other income (continued)****(i) Retail sales - goods sold and commission earned (continued)*****Customer rebates***

Members are awarded with rebates at the point of sale made at AEON general merchandising stores. These customer rebates are redeemable for gift vouchers every six months. It is recognised as a liability (contract liability) in the statement of financial position and recognised as revenue when gift vouchers are redeemed by customers when they purchase products at AEON general merchandising stores.

On an annual basis, fair value of the contract liability will be estimated by reference to the monetary value attributable to the customer rebates and redemption profile.

(ii) Property management services

Revenue from shopping mall operation which include rental income, service charge, sales commission and car park charges. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as revenue.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Membership income

Membership income is recognised in profit or loss when the payment is received and proportion to the membership tenure. Membership income is recognised as revenue.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Company presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case are the Managing Director and Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a post-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for restoration cost

A provision for site restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased property during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement.

(s) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
Cost											
At 1 January 2018		643,002	1,812,752	586,187	18,290	1,440,415	556,526	6,923	75,807	260,630	5,400,532
Additions		-	4,348	35,706	399	68,823	49,472	1,001	4,140	355,230	519,119
Disposals		-	-	(482)	-	(1,706)	(300)	(325)	-	-	(2,813)
Written off		-	(1,423)	(16,986)	(249)	(17,365)	(27,564)	-	(2,162)	-	(65,749)
Transfer in/(out)		-	5,385	35,960	35	20,212	8,459	-	368	(70,419)	-
Transfer to intangible assets	5	-	-	-	-	-	-	-	-	(340)	(340)
At 31 December 2018/ 1 January 2019		643,002	1,821,062	640,385	18,475	1,510,379	586,593	7,599	78,153	545,101	5,850,749
Additions		-	30,093	64,840	511	104,244	40,963	37	4,967	25,316	270,791
Borrowing costs capitalised at 4.28% per annum		-	2,745	295	-	1,655	129	-	-	-	4,824
Disposals		-	-	-	-	-	-	(649)	(1,389)	-	(2,038)
Written off		-	(107)	(4,029)	(158)	(9,790)	(27,793)	(4)	(2,830)	-	(44,711)
Transfer in/(out)		-	280,973	40,930	125	163,396	21,512	124	602	(507,662)	-
Transfer to intangible assets	5	-	-	-	-	-	-	-	-	(788)	(788)
At 31 December 2019		643,002	2,134,766	742,421	18,953	1,769,884	621,404	7,107	79,503	61,967	6,079,007

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Note	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2018										
- Accumulated depreciation	41,234	284,340	295,147	12,988	758,866	418,077	5,675	53,591	-	1,869,918
- Accumulated impairment loss	-	-	14,979	430	5,631	5,397	-	132	-	26,569
	41,234	284,340	310,126	13,418	764,497	423,474	5,675	53,723	-	1,896,487
Depreciation for the year	3,498	39,844	48,180	971	138,863	56,823	687	8,941	-	297,807
Impairment loss	-	166	5,174	104	5,960	5,790	-	412	-	17,606
Disposals	-	-	(188)	-	(1,257)	(240)	(326)	-	-	(2,011)
Written off	-	(72)	(15,660)	(211)	(14,837)	(26,073)	-	(1,742)	-	(58,595)
	44,732	324,112	327,479	13,748	881,635	448,587	6,036	60,790	-	2,107,119
	-	166	20,153	534	11,591	11,187	-	544	-	44,175
	44,732	324,278	347,632	14,282	893,226	459,774	6,036	61,334	-	2,151,294
Depreciation for the year	3,498	47,684	52,768	866	148,821	52,917	563	7,712	-	314,829
Impairment loss	-	436	1,657	147	6,125	1,947	15	265	-	10,592
Disposals	-	-	-	-	-	-	(649)	(1,389)	-	(2,038)
Written off	-	(56)	(3,488)	(156)	(8,854)	(27,671)	(4)	(2,644)	-	(42,873)
	48,230	371,740	376,759	14,458	1,021,602	473,833	5,946	64,469	-	2,377,037
	-	602	21,810	681	17,716	13,134	15	809	-	54,767
	48,230	372,342	398,569	15,139	1,039,318	486,967	5,961	65,278	-	2,431,804



Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
Carrying amounts										
At 1 January 2018	601,768	1,528,412	276,061	4,872	675,918	133,052	1,248	22,084	260,630	3,504,045
At 31 December 2018/ 1 January 2019	598,270	1,496,784	292,753	4,193	617,153	126,819	1,563	16,819	545,101	3,699,455
At 31 December 2019	594,772	1,762,424	343,852	3,814	730,566	134,437	1,146	14,225	61,967	3,647,203

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Impairment loss

The historical losses from loss-making stores caused the Company to assess the recoverable amount of the stores' related plant and equipment.

The recoverable amount of the loss-making stores were based on its value in use, determined by discounting future cash flows to be generated by the stores. The impairment loss was determined by comparing the recoverable amount to the carrying amount of the plant and equipment.

The amount of impairment loss recorded for certain property, plant and equipment is as follows:

	2019	2018
	RM'000	RM'000
Impairment loss	10,592	17,606

The impairment losses with respect to the plant and equipment (part of retailing operating segment) was recognised in operating expenses in the statements of profit or loss and other comprehensive income.

The recoverable amounts, determined by way of value in use, were calculated by discounting the future cash flows expected to be generated from the continuing use of the stores and were based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5 years business plan. Cash flows for further period were projected using a growth rate of 4.0% to 7.0% (2018: 1.0% to 7.5%). Management believes that this forecast period was justified due to management's intention to renew and operate the stores up to the maximum lease term.
- The anticipated annual revenue growth included in the cash flow projections were between 2% to 31% (2018: 2.0% to 45.9%) based on average growth levels experienced over the years.
- A discount rate of 5.80% (2018: 5.80%) was applied in determining the recoverable amount of the stores. The discount rate was estimated based on an industry average weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the retail industry and are based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in discount rate and annual revenue growth rate. Therefore, any adverse change in a key assumption may result in further impairment loss.


Notes to the Financial Statements
4. RIGHT-OF-USE ASSETS

	Land and buildings RM'000	Equipment RM'000	Total RM'000
At 1 January 2019	1,803,190	8,311	1,811,501
Addition	135,219	–	135,219
Depreciation	(161,196)	(2,530)	(163,726)
Impairment loss	(10,567)	–	(10,567)
At 31 December 2019	1,766,646	5,781	1,772,427

The Company leases a number of shopping malls and shopping outlets that run between one year and ten years, with an option to renew the lease after that date. Lease payments are increased every three to five years to reflect current market rentals.

4.1 Variable lease payments based on sales

Some leases of retail stores contain variable lease payments that are based on sales that the Company makes at the store. Those payments are common in retail stores in the country where the Company operates. Fixed and variable rental payments for the period ended 31 December 2019 were as follows.

	Fixed payments RM'000	Variable payments RM'000	Total payments RM'000	Estimated annual impact on rent of a 1% increase in sales RM'000
Leases with lease payments based on sales	36,295	6,345	42,640	6,408

4. RIGHT-OF-USE ASSETS (continued)

4.2 Extension options

Some leases of shopping malls and shopping outlets contain extension options exercisable by the Company up to ten years before the end of the non-cancellable contract period. Where applicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of exercise of extension options %
Land and buildings	2,286,707	671,806	40
Equipment	6,390	–	–

4.3 Significant judgements and assumptions in relation to lease

The Company assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. Company considers all facts and circumstances including past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Company first determine the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases

4.4 Sale and leaseback

In 2013, the Company sold one of its property and leased the property back for 10 years. This sale and leaseback transaction enabled the Company to access more capital while continuing to use the property. The rent is adjusted every three years to reflect increases in local market rents for similar properties.

4.5 Impairment loss

The historical losses from loss-making stores caused the Company to assess the recoverable amount of the stores' related right-of-use assets. The Company tested the related loss-making stores for impairment and recognised an impairment loss of RM10,567,000 (2018: Nil) with respect to the right-of-use asset. See note 3 for further details of the impairment loss.


Notes to the Financial Statements
5. INTANGIBLE ASSETS

	Note	Information technology software RM'000
Cost		
At 1 January 2018		48,586
Additions		3,079
Transfer from construction work-in-progress	3	340
Written off		(534)
At 31 December 2018/1 January 2019		51,471
Additions		3,286
Transfer from construction work-in-progress	3	788
Written off		(123)
At 31 December 2019		55,422
Accumulated amortisation		
At 1 January 2018		31,358
Amortisation for the year		6,191
Impairment loss		134
Written off		(391)
At 31 December 2018/1 January 2019		37,158
- Accumulated amortisation		134
- Accumulated impairment loss		37,292
Amortisation for the year		6,243
Impairment loss		6
Written off		(99)
At 31 December 2019		43,442
- Accumulated amortisation		43,302
- Accumulated impairment loss		140
		43,442
Carrying amounts		
At 1 January 2018		17,228
At 31 December 2018/1 January 2019		14,179
At 31 December 2019		11,980

6. INVESTMENTS IN ASSOCIATES

	Note	2019 RM'000	2018 RM'000
At cost			
Unquoted shares		9,200	38,600
Less: Impairment loss	6.1	–	(8,009)
Share of post-acquisition reserves		1,734	(19,538)
		10,934	11,053

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Note	Effective ownership interest and voting interest	
				2019 %	2018 %
AEON Fantasy (Malaysia) Sdn. Bhd. ("AFM")*	Malaysia	Operating indoor amusement park business		20	20
AEON TopValu Malaysia Sdn. Bhd. ("ATVM")*	Malaysia	Product development of AEON private brand		20	20
Index Living Mall Malaysia Sdn. Bhd.**	Malaysia	Furniture retailer	6.1	–	49

* Audited by another firm of accountants and equity accounted based on management accounts.

** Audited by an affiliated firm of KPMG Desa Megat PLT.

6.1 In the previous financial year, ILMM ("Index Living Mall Malaysia Sdn. Bhd.") ceased all of its operation. As such an impairment loss of RM8,009,000 was recognised in financial year 2018 to write down the cost of investment to nil. ILMM was dissolved through members' voluntary liquidation on 19 February 2019.


Notes to the Financial Statements
6. INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information of the Company's investments in the associates are as follows:

2019	AFM RM'000	ATVM RM'000	Total RM'000
Summarised financial information			
As at 31 December			
Non-current assets	137,290	796	
Current assets	31,502	31,865	
Non-current liabilities	(42,905)	(24,420)	
Current liabilities	(62,842)	(691)	
Net assets	63,045	7,550	
Year ended 31 December			
Profit/(Loss) from continuing operations	(3,292)	2,697	
Included in the total comprehensive income is:			
Revenue	96,326	107,945	
Reconciliation of net assets to carrying amount as at 31 December			
Company's share of net assets	12,609	1,510	14,119
Share of gain of disposal of business	(3,185)	-	(3,185)
Carrying amount in the statement of financial position	9,424	1,510	10,934
Company's share of results for the year ended 31 December	(658)	539	(119)
Other information			
Dividends received by the Company	268	-	

6. INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information of the Company's investments in the associates are as follows (continued):

2018	AFM RM'000	ATVM RM'000	ILMM RM'000	Total RM'000
Summarised financial information				
As at 31 December				
Non-current assets	92,706	161	–	
Current assets	24,216	35,488	2,850	
Non-current liabilities	(31,114)	–	–	
Current liabilities	(19,473)	(30,796)	(2,066)	
Net assets	66,335	4,853	784	
Year ended 31 December				
Profit/(Loss) from continuing operations	8,271	4,773	(28,994)	
Included in the total comprehensive income is:				
Revenue	77,385	89,768	21,883	
Reconciliation of net assets to carrying amount as at 31 December				
Company's share of net assets	10,082	971	–	11,053
Carrying amount in the statement of financial position	10,082	971	–	11,053
Company's share of results for the year ended 31 December	1,651	971	(13,742)	(11,120)
Other information				
Dividends received by the Company	141	–	–	


Notes to the Financial Statements
7. OTHER INVESTMENTS

	Note	2019 RM'000	2018 RM'000
Non-current			
Quoted equity in Malaysia - Fair value through other comprehensive income	7.1	65,666	71,053

7.1 Equity investments designated at fair value through other comprehensive income

The Company designated the investments in equity security shown below as fair value through other comprehensive income because this equity security represents investment that the Company intends to hold for long-term strategic purposes.

	Fair value at 31 December 2019 RM'000	Dividend income recognised during 2019 RM'000	Fair value at 31 December 2018 RM'000	Dividend income recognised during 2018 RM'000
AEON Credit Service (M) Berhad	65,666	2,071	71,053	1,962

8. OTHER ASSETS

Other assets are rental and utility deposits relating to leased properties. These rental and utility deposits are in substance a prepayment as they are offset against the rental payable towards the end of the lease term under the usual circumstances.

9. DEFERRED TAX ASSETS/(LIABILITIES)**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment						
- capital allowance	-	-	(49,109)	(30,663)	(49,109)	(30,663)
- revaluation	-	-	(8,984)	(9,185)	(8,984)	(9,185)
Right of use asset	-	-	(416,593)	-	(416,593)	-
Lease liabilities	550,343	-	-	-	550,343	-
Provisions	7,399	4,789	-	-	7,399	4,789
Contract liabilities	37,003	37,301	-	-	37,003	37,301
Net tax assets/ (liabilities)	594,745	42,090	(474,686)	(39,848)	120,059	2,242

9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Movement in temporary differences during the year

	At 1.1.2018 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1.1.2019 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2019 RM'000
Property, plant and equipment							
- capital allowance	(39,346)	8,683	(30,663)	-	(30,663)	(18,446)	(49,109)
- revaluation	(9,386)	201	(9,185)	-	(9,185)	201	(8,984)
Right of use asset	-	-	-	(434,760)	(434,760)	18,167	(416,593)
Lease liabilities	-	-	-	552,376	552,376	(2,033)	550,343
Provisions	3,735	1,054	4,789	-	4,789	2,610	7,399
Contract liabilities	33,681	3,620	37,301	-	37,301	(298)	37,003
	(11,316)	13,558	2,242	117,616	119,858	201	120,059


Notes to the Financial Statements
10. INVENTORIES

	2019	2018
	RM'000	RM'000
Retail merchandise	404,961	382,037
Food and others	349,111	298,103
	754,072	680,140
Recognised in profit or loss:		
Inventories recognised as an expense	2,680,207	2,594,704
Reversal of inventories written down to net realisable value	–	(2,297)
Write down to net realisable value	3,000	–

The reversal of inventories written down to net realisable value are included in changes in inventories.

11. CONTRACT ASSETS/(LIABILITIES)

	2019	2018
	RM'000	RM'000
Contract assets	19,728	18,771
Contract liabilities	(154,182)	(157,981)

The contract assets primarily relate to the Company's right to consideration for the rental earned but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 90 days.

The contract liabilities primarily relate to the unredeemed customer loyalty awards, rebates and unutilised cash vouchers. The amount will be recognised as revenue when the points and rebates are redeemed and cash vouchers are utilised by customers, which is expected to occur over the next three years.

	2019	2018
	RM'000	RM'000
Customer loyalty awards	41,486	42,569
Customer rebates	2,285	4,905
Unutilised cash vouchers and others	110,411	110,507
	154,182	157,981

The fair value of the customer loyalty awards and customer rebates are estimated by reference to the monetary value attributable to the awarded gift redemption points, rebates and redemption profile.

The customer loyalty awards and customer rebates are based on the best estimate of future redemption profile. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

11. CONTRACT ASSETS/(LIABILITIES) (continued)

Movement in contract liabilities

The following table shows reconciliation from the opening balance to the closing balance for the contract liabilities and its components.

	Customer loyalty awards RM'000	Customer rebates RM'000	Unutilised Cash vouchers and others RM'000	Total RM'000
At 1 January 2018	42,547	5,630	97,866	146,043
Additions during the year	20,825	9,856	260,714	291,395
Utilisation during the year	(15,231)	(7,762)	(226,432)	(249,425)
Reversal during the year	(5,572)	(2,819)	(21,641)	(30,032)
At 31 December 2018/ 1 January 2019	42,569	4,905	110,507	157,981
Additions during the year	22,237	6,517	281,798	310,552
Utilisation during the year	(17,710)	(5,849)	(248,781)	(272,340)
Reversal during the year	(5,610)	(3,288)	(33,113)	(42,011)
At 31 December 2019	41,486	2,285	110,411	154,182

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2019 RM'000	2018 RM'000
Trade			
Trade receivables		26,405	36,929
Amount due from a related company	12.1	605	546
		27,010	37,475
Non-trade			
Other receivables and prepayments	12.2	16,057	9,310
Amount due from associates	12.1	–	1,184
Amount due from related companies	12.1	6,632	1,736
		22,689	12,230
		49,699	49,705



Notes to the Financial Statements

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)**12.1 Amounts due from associates and related companies**

The trade amount due from a related company is unsecured, interest free and subject to normal trade terms.

The non-trade amounts due from associates and related companies are unsecured, interest free and repayable on demand.

12.2 Other receivables and prepayments

Included in other receivables and prepayments are deposits of RM207,000 which was paid as part of the purchase consideration for the acquisition of land for the purpose of constructing shopping malls in prior years.

13. CASH AND CASH EQUIVALENTS

	2019	2018
	RM'000	RM'000
Cash and bank balances	46,732	36,006
Deposits with licensed financial institutions	20,250	46,148
	66,982	82,154

14. CAPITAL AND RESERVES**Share capital**

	2019		2018	
	Number	Amount	Number	Amount
	of shares	RM'000	of shares	RM'000
	'000	'000	'000	'000
Issued and fully paid:				
Ordinary shares	1,404,000	702,000	1,404,000	702,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at fair value through other comprehensive income until the investments are derecognised or impaired.

15. BORROWINGS

	Note	2019 RM'000	2018 RM'000
Non-current			
Bank loans	15.1	205,080	350,160
Current			
Bank loans	15.1	145,080	165,163
Revolving credits - unsecured	15.2	278,500	480,100
Islamic Commercial Papers - unsecured	15.3	300,000	–
		723,580	645,263
		928,660	995,423

15.1 The bank loans are unsecured, bears interest ranging from 3.96% to 4.39% (2018: 3.96% to 4.58%) per annum and are repayable on quarterly basis up to 30 November 2021.

15.2 The unsecured revolving credits bear interest rates ranging from 3.45% to 3.82% (2018: 3.70% to 4.26%) per annum.

15.3 The unsecured Islamic Commercial Papers bear interest rate of 3.44% (2018: Nil) per annum.

16. OTHER LIABILITIES

Provision for restoration cost	2019 RM'000	2018 RM'000
At 1 January	17,734	14,213
Provision made during the year	2,375	4,348
Provision reversed during the year	(68)	(1,453)
Unwinding of discount	733	626
At 31 December	20,774	17,734

Under the provision of lease agreements, the Company has an obligation to dismantle and remove structures on the site and restore those sites at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 4.21% (2018: 5.06%).



Notes to the Financial Statements

17. PAYABLES AND ACCRUALS

	Note	2019 RM'000	2018 RM'000
Trade			
Trade payables		877,721	840,947
Amount due to an associate	17.1	23,394	28,420
		901,115	869,367
Non-trade			
Other payables and accrued expenses	17.2	200,190	198,723
Progress claims by contractors		13,748	54,861
Rental and utility deposits		261,498	256,087
Amount due to holding company	17.1	18,646	17,813
Amount due to associates	17.1	2,013	2,218
Amount due to related companies	17.1	38,030	30,765
		534,125	560,467
		1,435,240	1,429,834

17.1 Amounts due to holding company, associates and related companies

The trade amount due to an associate is unsecured, interest free and subject to normal trade terms.

The non-trade amounts due to holding company, associates and related companies are unsecured, interest free and repayable on demand.

17.2 Other payables and accrued expenses

Included in other payables and accrued expenses is interest accrued of RM735,000 (2018: RM1,454,000).

18. REVENUE

	2019 RM'000	2018 RM'000
Sale of goods	3,352,845	3,211,008
Net commission from concessionaire sales	406,231	390,325
Property management services	706,637	687,334
Others	73,171	64,973
	4,538,884	4,353,640

18. REVENUE (continued)

Nature of goods and services

The following information reflects the typical transactions of the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds
<p>Sale of goods and net commission from concessionaire sales</p>	<p>Revenue is recognised when the goods are accepted by the customers at the stores of the Company.</p> <p>When the Company acts in the capacity of an agent rather than as principal, the revenue recognised is the net amount of commission made.</p>	<p>Cash term</p>	<p>Customers may earn loyalty points and rebates (see below).</p>	<p>The Company allows returns for exchange with new goods under normal circumstances within 14 days from the date of purchase.</p>
<p>Property management services</p>	<p>Revenue is recognised on a straight-line basis over the term of the lease.</p>	<p>Credit period of 30 days from invoice date.</p>	<p>Not applicable</p>	<p>Not applicable</p>
<p>Loyalty program</p>	<p>Customers who purchase the products using members' card are entitled to earn points and rebates that are redeemable against any future purchases.</p> <p>The amount will be recognised as revenue when the points and rebates are redeemed by customers, or have expired or are no longer expected to be redeemed.</p>	<p>The points and rebates are expired between 6 months to 3 years.</p>	<p>The Company allocates a portion of the consideration received to loyalty points and rebates. The consideration allocated to the points issued and rebates given is measured at fair value, i.e. the relative selling prices. This amount is deferred and included in contract liabilities.</p> <p>For loyalty points, the amount of revenue recognised is based on the number of points that have redeemed, relative to the total number of points expected to be redeemed. For rebates, the revenue is estimated by reference to the monetary value attributable to customer rebates and redemption profile.</p>	<p>Not applicable</p>


Notes to the Financial Statements
19. RESULTS FROM OPERATING ACTIVITIES

	2019	2018
	RM'000	RM'000
Results from operating activities is arrived at after charging:		
Auditors' remuneration		
- Audit fees		
- KPMG Desa Megat PLT Malaysia	280	260
- Non-audit fees		
- KPMG Desa Megat PLT Malaysia	52	57
- Local affiliates of KPMG Desa Megat PLT in Malaysia	130	162
Material expenses/(income)		
Amortisation of intangible assets	6,243	6,191
Depreciation of property, plant and equipment	314,829	297,807
Depreciation of right of use	163,726	-
Dividend Income	(2,339)	(2,103)
Impairment loss:		
- Trade receivables	2,239	4,918
- Property, plant and equipment	10,592	17,606
- Right of use asset	10,567	-
- Intangible assets	6	134
- Investment in an associate	-	8,009
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	37,841	35,169
- Wages, salaries and others	292,499	272,830
Property, plant and equipment written off	1,838	7,154
Intangible assets written off	24	143
Royalty expense	16,953	16,358
(Gain)/Loss on disposal of:		
- Property, plant and equipment	(268)	261
Property management services		
- Rental income on shopping mall operation	(627,410)	(610,901)
- Other property management services income	(79,227)	(76,433)
Expenses arising from leases		
Expenses relating to short-term lease	2,714	-
Expenses relating to leases of low value assets	250	-
Rental expenses		
- Land and buildings	-	252,972
- Equipment	-	3,372

20. FINANCE COSTS

	2019	2018
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	40,592	42,935
Interest expense on lease liabilities	122,335	–
Other finance cost	4,824	–
	167,751	42,935
Recognised in profit or loss	162,927	42,935
Capitalised on qualifying asset:		
Property, plant and equipment	4,824	–
	167,751	42,935

21. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2019	2018
	RM'000	RM'000
Directors:		
Fees	1,143	1,067
Remuneration	2,536	2,530
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	149	146
	3,828	3,743


 Notes to the Financial Statements
22. TAX EXPENSE

	2019	2018
	RM'000	RM'000
Current tax expense		
- Current year	85,785	95,902
- Under/(Over) provision in prior year	2,011	(429)
	87,796	95,473
Deferred tax expense		
- Reversal of temporary differences	(11,250)	(9,054)
- Under/(Over) provision in prior year	11,049	(4,504)
	(201)	(13,558)
Tax expense	87,595	81,915
Reconciliation of tax expense		
Profit before tax	196,887	187,038
Tax calculated using Malaysian tax rate of 24% (2018: 24%)	47,253	44,889
Non-deductible expenses	27,844	43,123
Non-taxable income	(562)	(1,164)
	74,535	86,848
Under/(Over) provision in prior year		
- Current tax expense	2,011	(429)
- Deferred tax expense	11,049	(4,504)
Tax expense	87,595	81,915

23. OTHER COMPREHENSIVE INCOME

	2019		2018	
	Before tax RM'000	Net of tax RM'000	Before tax RM'000	Net of tax RM'000
Item that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity investments at fair value through other comprehensive income	(5,387)	(5,387)	8,545	8,545

24. EARNINGS PER ORDINARY SHARE
Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2019 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period.

	2019 RM'000	2018 RM'000
Profit for the year attributable to owners of the Company	109,292	105,123
	'000	'000
Weighted average number of ordinary shares	1,404,000	1,404,000
Basic earnings per ordinary share (sen)	7.78	7.49

Diluted earnings per ordinary share

There is no dilution in earnings per share as there is no potential diluted ordinary shares.

26. OPERATING SEGMENTS (continued)

	Retailing		Property management services		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Business segments						
Revenue from external customers	3,832,247	3,666,306	706,637	687,334	4,538,884	4,353,640
Total revenue	3,832,247	3,666,306	706,637	687,334	4,538,884	4,353,640
Segmental profit	114,616	51,727	268,799	209,831	383,415	261,558
Less: Unallocated expenses					(24,692)	(21,868)
Operating profit					358,723	239,690
Interest expense					(162,927)	(42,935)
Interest income					1,210	1,403
Share of results of associates					(119)	(11,120)
Profit before tax					196,887	187,038
Tax expense					(87,595)	(81,915)
Profit for the year					109,292	105,123
Segment assets	1,783,177	1,338,365	4,614,288	3,259,951	6,397,465	4,598,316
Unallocated assets					140,309	48,390
Total assets					6,537,774	4,646,706
Segment liabilities	(1,656,044)	(1,210,213)	(2,226,476)	(377,602)	(3,882,520)	(1,587,815)
Unallocated liabilities					(959,584)	(1,038,516)
Total liabilities					(4,842,104)	(2,626,331)
Capital expenditure	139,777	177,216	139,097	344,982	278,874	522,198
Depreciation and amortisation	155,036	117,666	329,762	186,332	484,798	303,998
Impairment of property, plant and equipment and intangible assets	9,880	17,740	11,285	–	21,165	17,740
Reversal of inventories written down	–	(2,297)	–	–	–	(2,297)
Write down to net realisable value	3,000	–	–	–	3,000	–
Non-cash expenses other than depreciation and amortisation	–	24,771	–	525	–	25,296

Geographical segment

There is no geographical information as the Company is predominantly operating in Malaysia.


Notes to the Financial Statements
27. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio and meet regulatory requirement.

There were no changes in the Company's approach to capital management during the year. Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28. CAPITAL COMMITMENTS

	2019	2018
	RM'000	RM'000
Property, plant and equipment		
<i>Contracted but not provided</i>		
<i>for and not payable:</i>		
Within one year	11,546	86,511

29. RELATED PARTIES***Identity of related parties***

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company 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 defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

The Company has related party relationship with its holding company, related companies and associates.

29. RELATED PARTIES (continued)

Significant related party transactions

The significant related party transactions of the Company (other than key management personnel compensation as disclosed in Note 21) are shown below. The balances related to the below transactions are shown in Note 12 and 17.

	Transaction value		Balance outstanding	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Holding company:				
Royalty expenses	(16,953)	(16,358)	(16,953)	(16,358)
Related companies:				
Sales through AEON credit card	57,743	9,954	287	170
Sales through easy payment scheme financing	5,136	5,209	318	377
Rental income	16,063	7,439	5,444	975
Revenue through retailing	607	220	103	50
Convertible AEON Member card point income	1,620	2,604	–	218
Support services	2,182	3,205	661	1,884
Retail support services	18	19	–	4
Management services	37	97	1	1
Trustee fee	29	29	–	–
Credit card sales commission expenses	(301)	(165)	–	–
Supply chain and distribution centre management fee	(63,036)	(63,668)	(17,011)	(16,052)
Purchase of merchandise	(1,522)	(1,342)	(223)	(253)
Purchase of consumables	(2,124)	(1,371)	(381)	(293)
Facility management service	(22,655)	(59,244)	(3,937)	(5,882)
Rental expense	(17,837)	(17,356)	–	–
Management fee	(10,590)	(11,256)	(4,394)	(7,520)
Loyalty point cost	(1,487)	(78)	(1,566)	(78)
Associates:				
Purchase of merchandise	(93,103)	(85,809)	(23,394)	(28,419)
Rental income	13,607	15,115	82	(5)

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled in cash.


Notes to the Financial Statements
30. FINANCIAL INSTRUMENTS**30.1 Categories of financial instruments**

The table below provides an analysis of financial instruments as follows:

- (a) Amortised cost ("AC"); and
- (b) Fair value through other comprehensive income ("FVOCI")
 - Equity investment designated upon initial recognition ("EIDUIR")

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
2019			
Financial assets			
Other investments	65,666	–	65,666
Receivables and deposits (excluding prepayments)	36,377	36,377	–
Cash and cash equivalents	66,982	66,982	–
	169,025	103,359	65,666
Financial liabilities			
Borrowings	(928,660)	(928,660)	–
Payables and accruals	(1,435,240)	(1,435,240)	–
	(2,363,900)	(2,363,900)	–
2018			
Financial assets			
Other investments	71,053	–	71,053
Receivables and deposits (excluding prepayments)	42,358	42,358	–
Cash and cash equivalents	82,154	82,154	–
	195,565	124,512	71,053
Financial liabilities			
Borrowings	(995,423)	(995,423)	–
Payables and accruals	(1,429,834)	(1,429,834)	–
	(2,425,257)	(2,425,257)	–

30. FINANCIAL INSTRUMENTS (continued)

30.2 Net gain/(loss) arising from financial instruments

	2019	2018
	RM'000	RM'000
Net gain/(loss) on:		
Equity investment designated at fair value through other comprehensive income		
- recognised in other comprehensive income	(5,387)	8,545
Financial assets at amortised cost	(1,029)	(3,515)
Financial liabilities at amortised cost	(40,809)	(43,174)
	(47,225)	(38,144)

30.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer, tenant or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arise from its shopping mall tenants and credit card receivables. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on shopping mall tenants. The Company requires all tenants to place adequate security deposits as stipulated under the tenancy agreement. In terms of its credit card receivables, which are basically from banking institutions, the Company has in place an ongoing process to monitor closely and ensure risk exposure is always minimal.

At each reporting date, Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.



30. FINANCIAL INSTRUMENTS (continued)

30.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Exposure to credit risk and credit quality

As at the end of the reporting period, the Company does not have any major concentration of credit risk on its shopping mall tenants or credit card receivables and the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

These receivables are credit card receivables from banking institution and regular tenants that have been transacting with the Company. The tenants are required to place adequate security deposits as stipulated under the tenancy agreement.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days. The Company's debt recovery process is as follows:

- a) Above 90 days past due after credit term, the Company will start to initiate a structured debt recovery process which is monitored by the tenant management team; and
- b) Above 180 days past due, the Company will commence a legal proceeding against the customer.

The Company uses an allowance matrix to measure ECLs of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

30. FINANCIAL INSTRUMENTS (continued)

30.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2019			
Current (not past due)	31,617	–	31,617
1 – 30 days past due	1,276	(371)	905
31 – 60 days past due	703	(204)	499
61 – 90 days past due	800	(232)	508
	34,396	(807)	33,589
Credit impaired			
More than 90 days past due	8,971	(2,605)	6,366
Individually impaired	12,682	(6,504)	6,178
	56,049	(9,916)	46,133
Trade receivables	36,321	(9,916)	26,405
Contract assets	19,728	–	19,728
	56,049	(9,916)	46,133
Collateralised trade receivables			
- Where no loss allowance recognised	8,727	–	8,727
- Where loss allowance recognised	19,684	(9,916)	9,768
	28,411	(9,916)	18,495

30. FINANCIAL INSTRUMENTS (continued)**30.4 Credit risk (continued)****Trade receivables and contract assets (continued)***Recognition and measurement of impairment losses (continued)*

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2018			
Current (not past due)	40,337	–	40,337
1 – 30 days past due	2,076	(53)	2,023
31 – 60 days past due	1,691	(126)	1,565
61 – 90 days past due	878	(141)	737
	44,982	(320)	44,662
Credit impaired			
More than 90 days past due	9,090	(2,780)	6,310
Individually impaired	9,305	(4,577)	4,728
	63,377	(7,677)	55,700
Trade receivables	44,606	(7,677)	36,929
Contract assets	18,771	–	18,771
	63,377	(7,677)	55,700
Collateralised trade receivables			
- Where no loss allowance recognised	13,113	–	13,113
- Where loss allowance recognised	16,426	(7,677)	8,749
	29,539	(7,677)	21,862

Trade receivables and contract assets which are credit impaired amounting to RM19,684,000 (2018: RM16,426,000) are partially collateralised in the form of security deposit as stipulated in the lease agreement. Impairment loss has been provided to the extent of the collateral value of the security deposit of RM9,768,000 (2018: RM8,749,000).

There are trade receivables where the Company has not recognised any loss allowance as the trade receivables are supported by security deposits in managing exposure to credit risk.

30. FINANCIAL INSTRUMENTS (continued)

30.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The movements in loss allowance in respect of trade receivables and contract assets during the year are shown below:

	Trade receivables		Contract assets	Total
	Lifetime ECL	Credit impaired		
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2018	-	2,759	-	2,759
Net remeasurement of loss allowance	3,100	1,818	-	4,918
Balance at 31 December 2018/ 1 January 2019	3,100	4,577	-	7,677
Net remeasurement of loss allowance	312	1,927	-	2,239
Balance at 31 December 2019	3,412	6,504	-	9,916

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Inter-Company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to related companies. The Company monitors the ability of the related companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

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.

Loans and advances provided are not secured by any collateral or supported by any other enhancements.



30. FINANCIAL INSTRUMENTS (continued)

30.4 Credit risk (continued)

Inter-Company loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers balances with intercompany have low credit risk. The Company assumes that there is a significant increase in credit risk when an intercompany financial position deteriorates significantly. As the Company is able to determine the timing of payments of the intercompany balance when they are payable, the Company considers the balances to be in default when the related companies are not able to pay when demanded. The Company considers a related companies' loan or advance to be credit impaired when:

- The related companies are unlikely to repay its balances to the Company in full;
- The related companies' loan or advance are overdue for more than 365 days; or
- The related companies are continuously loss making and are having a deficit shareholders' fund.

At the end of the reporting period, the Company did not recognise any allowance for impairment loss.

Other receivables

Credit risks on other receivables are mainly arising from sundry receivable and GST receivable. 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. The Company do not consider it necessary to recognise any allowance for impairment losses.

30.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arise principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Company monitors and maintains a level of cash and cash equivalents and banking facilities that are deemed adequate by management for the Company's operational needs and mitigate effects of fluctuations in cash flows and liquidity. The Company's deposits are also placed with licensed financial institutions which are highly liquid.

The Company has established an Islamic Commercial Papers Programme with a limit up to RM300.0 million and an Islamic Medium Term Notes Programme with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement. As at 31 December 2019, a total of RM700 million (2018: 1.0 billion) in respect of this facility has yet to be utilised. As at year end, RM493.5 million (2018: 291.0 million) of revolving loan remain unutilised. Given the available financing facilities and the ability of the Company to generate sufficient operating cash flows, the Directors are of the opinion that the Company will be able to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in maturity analysis could occur significantly earlier, or at significantly different amounts.

30. FINANCIAL INSTRUMENTS (continued)

30.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000
2019						
Revolving credits	278,500	3.45 – 3.82	278,740	278,740	–	–
Bank loans	350,160	3.96 – 4.39	368,361	157,806	210,555	–
Islamic Commercial Papers	300,000	3.44	300,876	300,876	–	–
Lease liabilities	2,293,098	4.14 – 5.33	3,335,755	263,336	1,260,858	1,811,561
Payables and accruals	1,435,240		1,435,240	1,435,240	–	–
	4,656,998		5,718,972	2,435,998	1,471,413	1,811,561

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 to 5 years RM'000
2018					
Revolving credits	480,100	3.70 - 4.26	480,614	480,614	–
Bank loans	515,323	3.96 - 4.58	538,754	168,605	370,149
Payables and accruals	1,429,834	–	1,429,834	1,429,834	–
	2,425,257		2,449,202	2,079,053	370,149


Notes to the Financial Statements
30. FINANCIAL INSTRUMENTS (continued)**30.6 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other prices that will affect the Company's financial position or cash flows.

30.6.1 Interest rate risk

The Company's exposure to interest rate risk relates to its short term borrowings such as overdraft and trade financing facilities. Interest-earning financial assets are mainly deposits placed with financial institutions that generate interest income.

Risk management objectives, policies and processes for managing the risk

The management monitors closely the prevailing interest rates at regular intervals and ensure that the Company obtains competitive rates for its banking facilities, interest earning deposits and short term borrowings.

In view of the competitive rates that are available from the prevailing banking facilities granted to the Company to finance its working capital requirements and the prevailing low interest rate scenario, the interest rate risk is not expected to have a material impact on the Company.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	2019	2018
	RM'000	RM'000
Fixed rate instruments		
<i>Financial asset</i>		
Deposits placed with licensed financial institutions	20,250	46,148
<i>Financial liabilities</i>		
Revolving credit	(278,500)	(480,100)
Bank loans	(350,160)	(515,323)
Islamic Commercial Papers	(300,000)	–
Lease liability	(2,293,098)	–
	(3,221,758)	(995,423)
	(3,201,508)	(949,275)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

30. FINANCIAL INSTRUMENTS (continued)**30.6 Market risk (continued)****30.6.2 Foreign currency risk**

The Company does not have any significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

30.6.3 Other price risk

Equity price risk arises from the Company's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

The Company's equity investments are monitored regularly and subject to periodical review. Transaction decisions are approved by the Board.

Equity price risk sensitivity analysis

A 1% (2018: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM657,000 (2018: RM711,000). A 1% (2018: 1%) decrease in market price would have had equal but opposite effect on equity.



Notes to the Financial Statements

30. FINANCIAL INSTRUMENTS (continued)**30.7 Fair value of financial instruments****30.7.1 Fair value information**

The carrying amounts of cash and cash equivalents, short term receivables, short term borrowings and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments. The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	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		
2019										
Financial asset										
Investment in quoted equities	65,666	-	-	65,666	-	-	-	-	65,666	65,666
Financial liability										
Bank loans	-	-	-	-	-	-	(344,947)	(344,947)	(344,947)	(350,160)
2018										
Financial asset										
Investment in quoted equities	71,053	-	-	71,053	-	-	-	-	71,053	71,053
Financial liability										
Bank loans	-	-	-	-	-	-	(493,464)	(493,464)	(493,464)	(515,323)

30. FINANCIAL INSTRUMENTS (continued)

30.7 Fair value of financial instruments (continued)

30.7.1 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Investment in quoted equities

The fair value of investment in quoted equities is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Bank loans	Discounted cash flows using a rate based on the current market rate of borrowing of the Company at the reporting date.

31. SUBSEQUENT EVENT

31.1 Implication of Coronavirus Disease (COVID 19) to the Company's business

Subsequent to 31 December 2019, the World Health Organisation declared the coronavirus disease (COVID-19) a pandemic. This COVID-19 outbreak will have an impact on the economy, both global and domestically, including the retail industry sector in which the Company operates. Authorities worldwide have announced economic stimulus packages to shield their economies from this outbreak to protect businesses and employment. The Company considers that the effects related to this outbreak to be a non-adjusting subsequent event as it was not a condition that existed as at 31 December 2019, the end of the reporting period.

The COVID-19 has resulted in reduced customer traffic and the temporary reduction of operation hours for our stores as well as temporary store closures related to those non-essential operations mandated by the government. As the pandemic outbreak may interrupt the Company's core businesses and have financial implications to the Company, including the results of the Company and measurement of its assets and liabilities of the Company for the next financial year, the Board of Directors of the Company is actively monitoring and managing the operations to minimise any potential impact and undertake the necessary measures to preserve value.



32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Company is a lessee, the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 5.3%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

Under MFRS 16, the Company continues to account for the sale and leaseback for a mall completed in 2013 as a sale and leaseback transaction. The Company recognised a right-of-use asset and a lease liability for the leaseback on 1 January 2019, measured in the same way as other right-of-use assets and lease liabilities at that date.

As a lessor

The company who is an immediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)**32.1 Impacts on financial statements**

Since the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM'000
Operating lease commitments at 31 December 2018 as disclosed in the Company's financial statements	3,023,053
Discounted using the incremental borrowing rate at 1 January 2019	2,304,532
Recognition exemption for short-term leases	(2,714)
Recognition exemption for leases of low-value assets	(250)
Lease liabilities recognised at 1 January 2019	2,301,568

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 89 to 151 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 Company as at 31 December 2019 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Iskandar bin Sarudin

Director

Hiroyuki Kotera

Director

Kuala Lumpur

Date: 14 May 2020

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Poh Ying Loo**, the Director primarily responsible for the financial management of AEON CO. (M) BHD., do solemnly and sincerely declare that the financial statements set out on pages 89 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Poh Ying Loo at Kuala Lumpur in the Federal Territory on 14 May 2020.

Poh Ying Loo

Before me:



Independent Auditors' Report

to the members of AEON CO. (M) BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AEON CO. (M) BHD., which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 89 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its 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 auditors' 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 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' *Code of Ethics for Professional Accountants* ("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 Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Impairment of property, plant and equipment and right of use assets

Refer to Note 2(d) - Significant accounting policy: Property, plant, and equipment, Note 2(e) - Significant accounting policy: Leases, Note 3 - Property, plant and equipment and Note 4 - Right of use assets

The key audit matter

In light of the industry and business environment which the Company operates in, there are significant balances of property, plant and equipment and right of use assets amounting to RM3,646,996,000 and RM 1,772,427 respectively as at 31 December 2019. There is a risk that the carrying value of these assets may be higher than the recoverable amount. The determination of whether or not an impairment charge for property, plant and equipment and right of use assets is necessary involved significant judgement about the future results of the business and assessment of future plans for the Company's property, plant and equipment and right of use assets.



Independent Auditors' Report

to the members of AEON CO. (M) BHD.

Key Audit Matters (continued)

i) Impairment of property, plant and equipment and right of use assets (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Obtained the discounted future cash flow projections and evaluated the appropriateness of the key assumptions used in particular those relating to revenue growth, trading margins and the discount rate applied to the cash flows model. We assessed the key assumptions for its cash flow projections, with reference to internal and external derived sources and taking into account the accuracy of the Company's historical forecasting.
- Performed sensitivity analysis of the key drivers, revenue growth rates and discount rate, of the cash flow projections to ascertain the extent of change in those assumptions that either individually or collectively would be required for the assets to be further impaired. We also considered the likelihood of such movement in those key drivers.
- Assessed the adequacy of the Company's disclosure in respect of impairment of property, plant and equipment and right of use assets including those key assumptions to which the outcome of the impairment test is most sensitive.

ii) Inventory

Refer to Note 2(g) - Significant accounting policy: Inventories and Note 10 – Inventories.

The key audit matter

The Company held significant inventory balances as at 31 December 2019 of RM754,072,000. Inventory is valued using weighted average cost of merchandise derived using the Retail Inventory Method. Allowance is made against inventory on the estimated losses related to shrinkage and slow moving or obsolete inventory. The valuation of inventory is a key audit matter because of the judgement involved in assessing the level of allowance required. The use of Retail Inventories Method ("RIM") in inventories costing requires certain assumption on the consistent mark up across all products in current and prior periods.

Given the value of the inventory balance and number of stores the company has, the existence of inventory is also an area of focus in our audit.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Tested the design and effectiveness of controls over the identification of slow moving inventories and obtained an understanding of the Company's process for measuring the amount of write down required. We also engaged our IT specialist to test the design and effectiveness of controls over the weighted average cost of inventory derived using the Retail Inventory Method ("RIM").
- We tested a sample of inventories to sales subsequent to the year end and ascertained that they were sold at a price higher than its carrying amount derived using the RIM.
- We assessed the adequacy of the allowance made by checking the accuracy of the historical data and the explanation provided by the Company.
- We attended physical inventory counts of selected stores and performed sample counts. Where applicable, we have performed rollback procedure on inventory count.

Key Audit Matters (continued)**iii) Adequacy of contract liabilities**

Refer to Note 2(m) - Significant accounting policy: Customer loyalty awards and customers rebates and Note 11 – Contract liabilities.

The key audit matter

The Company recognised contract liabilities as at 31 December 2019 of RM154,182,000 in respect of customer loyalty awards, customer rebates and cash vouchers. The Company operate a customer loyalty programme, which allows customers to accumulate points and rebates when they purchase products at the Company's stores. These points and rebates are redeemable for gift vouchers. Customers can also purchase cash vouchers to be used to purchase products. The unredeemed points and rebates and unutilised vouchers are recognised as liabilities in the statements of financial position and recognised as revenue when the points, rebates and cash vouchers are redeemed, expired or are no longer expected to be redeemed. The estimation of customer loyalty awards, customer rebates and cash vouchers at each period end requires a significant degree of judgement and the application of certain assumptions over both the timing of the recognition and the quantum of any such amounts.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We evaluated and tested the operating effectiveness of IT application controls over the accuracy and timing of revenue recognition in the financial statements, including controls relating to the reliability of the system in:
 - the calculation of gift points and rebates in relation to the quantum of the customers' purchases; and
 - the accuracy of the ageing profile.
- We assessed the accuracy of contract liabilities by comparing to the historical rates of redemption of the gift points, rebates and cash vouchers and assessed whether the Company is in compliance with relevant accounting standards on the recognition of contract liabilities.

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 Directors' report and Statement of Risk Management and internal control (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements 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 Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.



Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company 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 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 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 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 internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 ability of the Company 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements of the Company. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



Independent Auditors' Report
to the members of AEON CO. (M) BHD.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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, related safeguards.

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 Company for the current year and are therefore the key audit matters. 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER(S)

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.

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants

Ong Beng Seng
Approval Number: 02981/05/2022 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 14 May 2020

Analysis of Shareholdings

as at 30 April 2020

Issued Share Capital	:	RM702,000,000 comprising 1,404,000,000 Ordinary Share
Class of Shares	:	Ordinary Share
Voting Rights	:	1 vote per Ordinary Share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Shares Held
1 - 99	541	5.70	6,043	0.00
100 - 1,000	2,612	27.51	1,593,292	0.11
1,001 - 10,000	4,678	49.27	20,632,785	1.47
10,001 - 100,000	1,390	14.64	40,527,966	2.89
100,001 - 70,199,999 (*)	271	2.86	522,350,314	37.20
70,200,000 and above (**)	2	0.02	818,889,600	58.33
Total	9,494	100.00	1,404,000,000	100.00

Notes * - Less than 5% of Issued Shares
 ** - 5% and above of Issued Share

Substantial Shareholders

as per Register of Substantial Shareholders as at 30 April 2020

No.	Name	Direct Interest	No. of Shares		%
			%	Indirect Interest	
1	AEON Co., Ltd.	725,640,000	51.68	—	—
2	Employees Provident Fund Board	*i 202,526,800	14.43	—	—
3	Standard Life Aberdeen PLC and its subsidiaries (together "The Group") on behalf of account managed by The Group	77,823,500	5.54	—	—
4	Aberdeen Asset Management PLC	*ii 77,823,500	5.54	—	—

Notes: *i 23,752,000 Ordinary Shares are registered in the name of Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN)
 *ii The disclosures include holdings of mandates delegated from other subsidiaries of Standard Life Aberdeen PLC.

Directors' Interest

as per Register of Directors' Shareholdings as at 30 April 2020

No.	Name	Direct Interest	No. of Shares		%
			%	Indirect Interest	
1	Datuk Iskandar bin Sarudin	—	—	—	—
2	Shafie bin Shamsuddin	—	—	—	—
3	Poh Ying Loo	144,000	0.01	* 96,000	0.01
4	Hiroyuki Kotera	—	—	—	—
5	Datuk Syed Ahmad Helmy bin Syed Ahmad	—	—	—	—
6	Dato' Tunku Putra Badlishah Ibni Tunku Annuar	—	—	—	—
7	Abdul Rahim bin Abdul Hamid	—	—	—	—
8	Charles Tseng @ Charles Tseng Chia Chun	—	—	—	—
9	Chong Swee Ying	22,600	0.002	—	—
10	Yasuo Nishitohge	—	—	—	—

Note: * Indirect interest pursuant to Section 59(11)(c) of the Companies Act, 2016

List of Thirty (30) Largest Shareholders

as at 30 April 2020

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES HELD
1	AEON CO., LTD	716,040,000	51.00
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	102,849,600	7.33
3	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	69,028,000	4.92
4	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	32,035,300	2.28
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	30,586,400	2.18
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	23,752,000	1.69
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	23,654,600	1.69
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	21,403,700	1.53
9	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	18,948,800	1.35
10	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - ASIAN SMALLER COMPANIES FUND	13,885,400	0.99
11	HSBC NOMINEES (ASING) SDN BHD BPSS LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	11,298,000	0.81
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC DIVIDEND SELECT FUND	9,855,700	0.70
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	9,600,000	0.68
14	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	9,458,600	0.67
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR ROZILAWATI BINTI HAJI BASIR (MY3089)	9,240,000	0.66
16	ROSHAYATI BINTI BASIR	9,240,000	0.66
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	7,498,000	0.53
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	7,366,800	0.53
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	7,245,400	0.52
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	6,935,000	0.49
21	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	5,801,990	0.41
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND(3969)	5,526,300	0.39
23	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	5,501,396	0.39
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	5,490,500	0.39
25	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	5,389,800	0.38
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	5,366,400	0.38
27	SYARIKAT MALURI SDN BHD	4,920,000	0.35
28	HIDENORI FUTAGI	4,800,000	0.34
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN ABSR EQ)	4,391,100	0.31
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (RB-TNB- NOMUR)(419513)	4,350,000	0.31
TOTAL		1,191,458,786	84.86

Particulars of Properties

as at 31 December 2019

Details of AEON's properties as at 31 December 2019 are set out below:

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 31/12/2019 (RM'000)
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold land/ Existing two-storey shopping centre	436,036/ 200,316	February 1995 (R)	28	99 years expiring on 19/12/2089	40,910
	Extension/Renovation with rooftop car park	179,989		21½		
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	368,516/ 666,694	February 1995 (R)	27½	95 years expiring on 28/03/2085	64,020
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Leasehold land/ Two-storey shopping centre and two-storey car park	643,753/ 691,414	June 1994 (A)/ October 1995 (C)	24	99 years expiring on 09/05/2093	42,743
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre including covered car park	377,490/ 483,299	April 2002 (A)/ August 2002 (C)	17½	Freehold	20,000
Lot 62232, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	409,577/ 906,497	January 2004 (C)	16	99 years expiring on 25/08/2103	71,896
Lot 102076, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre with basement car park	1,308,035/ 1,468,693	March 2004 (A)/ January 2006 (C)	14	Freehold	334,815
	Extension/Renovation	2,854,623		October 2016 (C)		
Lot PT 41977	Leasehold land/	550,910/	April 2004 (A)/	13	99 years expiring on 12/04/2103	68,725
Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/ Two-storey shopping centre and two-storey car park	113,451/ 893,819	April 2004 (A)/ December 2006 (C)		Freehold	
Lot 5106, Mukim Ulu Kelang, Kuala Lumpur.	Leasehold land/ Two-storey shopping centre with basement car park	631,620/ 895,449	March 2007 (A)/ December 2008 (C)	11	87 years expiring on 05/04/2083	116,208

Particulars of Properties
as at 31 December 2019

Details of AEON's properties as at 31 December 2019 are set out below: (continued)

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 31/12/2019 (RM'000)
Lot 136962, Mukim Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre with open car park	1,645,671/ 845,634	October 2007 (A)/ December 2008 (C)	11	Freehold	217,600
PT 239099, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan.	Leasehold land/ Three-storey shopping centre with two-storey car park	755,855/ 1,287,504	June 2010 (A)/ March 2012 (C)	8	99 years expiring on 03/11/2109	112,790
Lot 106273, Mukim Kulai, Daerah Kulajaya, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre with two-storey car park	793,623/ 911,842	December 2011 (A)/ November 2013 (C)	6	Freehold	95,255
Lot 31009, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold land/ Three-storey shopping centre with rooftop and open car park	784,834/ 750,235	August 2011 (A)/ June 2014 (C)	5½	Freehold	140,205
Lot 2437 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan.	Leasehold land Three-storey shopping centre, entertainment hub with rooftop & basement car park	818,273/ 1,573,114	December 2012 (A)/ March 2016 (C)	3¾	99 years expiring on 26/10/2103	254,546
PTD 181046, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim.	Freehold land Three-storey shopping centre, entertainment hub with rooftop & two-storey car park	910,235/ 1,294,639	December 2015 (A)/ September 2017 (C)	2¼	Freehold	282,062

AEON Stores, AEON Malls and MaxValu

CENTRAL



AEON TAMAN MALURI

Jalan Jejaka, Taman Maluri, Cheras,
55100 Kuala Lumpur.
Tel: 03-9285 5222

AEON TAMAN MALURI SHOPPING CENTRE

Tel: 03-9201 8688



AEON CHERAS SELATAN

Lebuh Tun Hussein Onn,
43200 Balakong, Selangor Darul Ehsan.
Tel: 03-9080 3018

AEON MALL CHERAS SELATAN

Tel: 03-9080 3498



AEON WANGSA MAJU

Jalan R1, Seksyen 1, Bandar Baru Wangsa Maju,
53300 Kuala Lumpur.
Tel: 03-4149 7666

ALPHA ANGLE SHOPPING CENTRE

Tel: 03-4149 5288



AEON TAMAN EQUINE

No. 2, Jalan Equine, Taman Equine,
Bandar Putra Permai,
43300 Seri Kembangan, Selangor Darul Ehsan.
Tel: 03-8941 3700

AEON TAMAN EQUINE SHOPPING CENTRE

Tel: 03-8945 2700



AEON MID VALLEY

AT3 Mid Valley Megamall, Mid Valley City,
Lingkar Syed Putra, 59200 Kuala Lumpur.
Tel: 03-2284 4800



AEON BANDAR SUNWAY

LG 1.111, Sunway Pyramid,
No. 3, Jalan PJS 11/15, Bandar Sunway,
46150 Petaling Jaya, Selangor Darul Ehsan.
Tel: 03-5637 3720



AEON METRO PRIMA

No. 1, Jalan Metro Prima,
52100 Kepong, Kuala Lumpur.
Tel: 03-6257 2121

AEON MALL METRO PRIMA

Tel: 03-6259 1122



AEON BUKIT TINGGI

No. 1, Persiaran Batu Nilam 1/KS 6,
Bandar Bukit Tinggi 2,
41200 Klang, Selangor Darul Ehsan.
Tel: 03-3326 2330

AEON MALL BUKIT TINGGI

Tel: 03-3326 2370



AEON AU2 SETIAWANGSA

No. 6, Jalan Taman Setiawangsa (Jalan 37/56),
AU2, Taman Keramat, 54200 Kuala Lumpur.
Tel: 03-4257 8840

AEON MALL AU2 SETIAWANGSA

Tel: 03-4257 2533



AEON RAWANG

No. 1, Persiaran Anggun, Taman Anggun,
48000 Rawang, Selangor Darul Ehsan.
Tel: 03-6091 0671

AEON MALL RAWANG ANGGUN

Tel: 03-6092 0678



AEON BANDAR UTAMA

No. 1, Leboh Bandar Utama,
Bandar Utama, Damansara,
47800 Petaling Jaya, Selangor Darul Ehsan.
Tel: 03-7726 6266



AEON SHAH ALAM

No. 1, Jalan Akuatik 13/64, Seksyen 13,
40100 Shah Alam, Selangor Darul Ehsan.
Tel: 03-5523 1383

AEON MALL SHAH ALAM

Tel: 03-5523 6131



AEON BANDAR BARU KLANG

Persiaran Bukit Raja 2, Bandar Baru Klang,
41150 Klang, Selangor Darul Ehsan.
Tel: 03-3343 9366

AEON MALL BUKIT RAJA

Tel: 03-3343 2166



AEON MAXVALU PRIME DESA PARKCITY

Lot No. GF22, Ground Floor,
The Waterfront @ Desa ParkCity,
5, Persiaran Residen, Desa ParkCity,
52200 Kuala Lumpur.
Tel: 03-6280 7790



AEON BANDAR PUCHONG

Lot G40, IOI Mall, Batu 9,
Jalan Puchong, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan.
Tel: 03-8070 1200



AEON MAXVALU PRIME SUNWAY VELOCITY

B-01, Basement One,
Sunway Velocity Mall,
Lingkar SV, Sunway Velocity,
55100 Kuala Lumpur.
Tel: 03-9202 8103

CENTRAL (continued)



AEON MAXVALU PRIME SPHERE BANGSAR SOUTH
 Unit LG-1A, Level LG, The Sphere,
 No. 1, Avenue 1, Bangsar South,
 No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 Tel: 03-2242 0890



AEON MAXVALU PRIME EVO BANGI
 No. G.09, Ground Floor,
 Kompleks Evo, Jalan Pusat Bandar 2,
 43650 Bandar Baru Bangi,
 Selangor Darul Ehsan.
 Tel: 03-8922 9484



AEON QUILL CITY
 Lot LG-21, Kompleks Beli-Belah Quill,
 No. 1018, Jalan Sultan Ismail, 50250 Kuala Lumpur.
 Tel: 03-2202 8923



AEON MAXVALU PRIME SECTION 17 PETALING JAYA
 L1-01, Level 1, Seventeen Mall,
 No. 998, Jalan 17/38, Seksyen 17,
 46400 Petaling Jaya, Selangor Darul Ehsan.
 Tel: 03-7622 6955



AEON UNITED POINT
 Lot LG-3, Level LG
 Pusat Perdagangan Berpadu (United Point),
 No. 10, Jalan Lang Emas,
 51200 Kuala Lumpur.
 Tel: 03-2700 2558



AEON MAXVALU PRIME SELAYANG MALL
 Lot LG.45, Selayang Mall,
 Jalan SU9, Taman Selayang Utama,
 68100 Batu Caves, Selangor Darul Ehsan.
 Tel: 03-6127 8243

NORTHERN



AEON IPOH
 No. 2, Jalan Teh Lean Swee,
 Off Jalan Sultan Azlan Shah Utara,
 31400 Ipoh, Perak Darul Ridzuan.
 Tel: 05-549 9633



AEON IPOH KLEBANG
 Lot 12080, Klebang Perdana,
 31200 Chemor, Perak Darul Ridzuan.
 Tel: 05-291 9225



AEON MALL KINTA CITY
 Tel: 05-548 4668

AEON IPOH STATION 18
 No. 2, Susuran Stesen 18, Station 18,
 31650 Ipoh, Perak Darul Ridzuan.
 Tel: 05-321 6748



AEON MALL IPOH KLEBANG
 Tel: 05-291 9221

AEON IPOH FALIM
 No. 1, Hala Falim 1,
 Taman Mas Jaya, Falim,
 30200 Ipoh, Perak Darul Ridzuan.
 Tel: 05-281 7870



AEON SERI MANJUNG
 Pusat Perniagaan Manjung Point 3,
 32040 Seri Manjung, Perak Darul Ridzuan.
 Tel: 05-687 0008



AEON MALL SERI MANJUNG
 Tel: 05-687 0018

AEON QUEENSBAY
 1F-61, Queensbay Mall,
 100, Persiaran Bayan Indah,
 11900 Bayan Lepas, Pulau Pinang.
 Tel: 04-641 3822



AEON TAIPING
 Lot 8576 & 8577 Jalan Kamunting,
 34000 Taiping, Perak Darul Ridzuan.
 Tel: 05-804 8722



AEON MALL TAIPING
 Tel: 05-804 8711

AEON BUKIT MERTAJAM
 No. 3393, Jalan Rozhan Alma,
 Seberang Perai Tengah,
 14000 Bukit Mertajam, Pulau Pinang.
 Tel: 04-530 7160

AEON MALL BUKIT MERTAJAM
 Tel: 04-530 7625

AEON Stores, AEON Malls and MaxValu

SOUTHERN



AEON SEREMBAN 2
112, Persiaran S2 B1, Seremban 2,
70300 Seremban, Negeri Sembilan Darul Khusus.
Tel: 06-601 5633

AEON MALL SEREMBAN 2
Tel: 06-601 5618



AEON NILAI
No. 2, Persiaran Pusat Bandar,
Putra Point, Putra Nilai,
71800 Nilai, Negeri Sembilan Darul Khusus.
Tel : 06-790 4928

AEON MALL NILAI
Tel: 06-790 4988



AEON MELAKA
Leboh Ayer Keroh, 75450 Melaka.
Tel: 06-232 4899

AEON MELAKA SHOPPING CENTRE
Tel: 06-233 2988



AEON BANDARAYA MELAKA
No. 2, Jalan Lagenda, Taman 1-Lagenda,
75400 Melaka.
Tel: 06-282 9389

AEON MALL BANDARAYA MELAKA
Tel: 06-282 9666



AEON TAMAN UNIVERSITI
No. 4, Jalan Pendidikan, Taman Universiti,
81300 Skudai, Johor Darul Takzim.
Tel: 07-521 8000

AEON TAMAN UNIVERSITI SHOPPING CENTRE
Tel: 07-520 8700



AEON PALM MALL
G-16, Palm Mall Seremban Kemayan Square,
Jalan Sg Ujong 70200 Seremban
Tel : 06-761 3073



AEON PERMAS JAYA
No. 1, Jalan Permas Utara, Bandar Baru Permas Jaya,
81750 Johor Bahru, Johor Darul Takzim.
Tel: 07-386 8900

AEON PERMAS JAYA SHOPPING CENTRE
Tel: 07-386 0600



AEON TEBRAU CITY
No. 1, Jalan Desa Tebrau, Taman Desa Tebrau,
81100 Johor Bahru, Johor Darul Takzim.
Tel: 07-351 1110

AEON MALL TEBRAU CITY
Tel: 07-352 2220



AEON BUKIT INDAH
No. 8, Jalan Indah 15/2, Bukit Indah,
81200 Johor Bahru, Johor Darul Takzim.
Tel: 07-236 8036

AEON MALL BUKIT INDAH
Tel: 07-236 8071



AEON KULAIJAYA
PTD 106273,
Persiaran Indahpura Utama, Bandar Indahpura,
81000 Kulaijaya, Johor Darul Takzim.
Tel: 07-663 8373

AEON MALL KULAIJAYA
Tel: 07-663 7822



AEON BANDAR DATO' ONN
No. 3, Jalan Dato' Onn 3,
Bandar Dato' Onn,
81100 Johor Bahru, Johor Darul Takzim.
Tel: 07-361 4223

AEON MALL BANDAR DATO' ONN
Tel: 07-364 9913



AEON DANGA BAY
No. G31, G32, G33, G34 & G38,
Bele Time Mall, Country Garden @ Danga Bay,
80200 Johor Bahru, Johor Darul Takzim.
Tel: 07-220 9514

EAST COAST



AEON KOTA BHARU
Lembah Sireh, 15050 Kota Bharu,
Kelantan Darul Naim.
Tel: 09-740 5284

AEON MALL KOTA BHARU
Tel: 09-740 5859

SARAWAK



AEON KUCHING CENTRAL
No 88, Lot 3458, Block 10 KCLD,
Jalan Tun Ahmad Zaidi Adruce,
93150 Kuching, Sarawak.
Tel: 082-547 413

AEON MALL KUCHING CENTRAL
Tel: 082-521 936

Our Milestones

1984	SEPTEMBER	JAYA JUSCO STORES SDN BHD established, in response to a request from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad, to help modernise the retailing industry in Malaysia.	2001	FEBRUARY	Completed Rights Issue on the basis of one new Ordinary Share for every two existing Ordinary Shares held.
1985	JUNE	The first pilot store, JAYA JUSCO Dayabumi, opened.	2001	OCTOBER	Launch of WAOH Charity Fund / JUSCO Fest / JUSCO's 17th Anniversary.
	DECEMBER	The second pilot store, JAYA JUSCO Taman Tun Dr. Ismail, opened.		NOVEMBER	22 Malaysian students and 2 former participants from the 1990 batch were invited to Japan as "Ambassadors" through the AEON "1% Club" Programme.
1989	JUNE	JAYA JUSCO Dayabumi closed.	2002	APRIL	Establishment of JUSCO-OUM Retail Centre in Alpha Angle Shopping Centre, Wangsa Maju.
	OCTOBER	The first Superstore, JAYA JUSCO Taman Maluri, opened.		JULY	JUSCO Taman Universiti (JUSCO Taman Universiti Shopping Centre) opened. Japan Management Training Programme reactivated.
1990	JUNE	"Japan Management Training Programme" began.	2003	JULY	WAOH Charity Bazaar.
	NOVEMBER	28 Malaysian students were invited to Japan as "Ambassadors" through the AEON "1% Club" Programme.		AUGUST	Smart Wonder World opened in JUSCO Taman Maluri.
1991	OCTOBER	JUSCO Melaka was opened and fully operated by Malaysian staff. The AEON Group's "Hometown Forest" Programme was launched simultaneously at the inauguration of JUSCO Melaka.	2003	OCTOBER	JUSCO Home Centre opened in 1 Utama Shopping Centre.
	APRIL	JUSCO Wangsa Maju (Alpha Angle Shopping Centre), the first Shopping Centre, opened.		DECEMBER	3,000 saplings were planted in the vicinity of the JUSCO Permas Jaya store as part of AEON's environmental campaign, "Planting Seeds of Growth". JUSCO Permas Jaya (JUSCO Permas Jaya Shopping Centre) opened.
1992	APRIL	JUSCO Wangsa Maju (Alpha Angle Shopping Centre), the first Shopping Centre, opened.	2004	JANUARY	JUSCO Metro Prima Tree Planting Ceremony held. 2,000 saplings were planted. JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened.
	AUGUST	The Distribution Centre began operations.		JUNE	"With All Our Hearts" Charity Fund was officially registered as the "With All Our Hearts" Malaysian JUSCO Foundation.
1994	OCTOBER	Japan Trainee Programme began.	2004	AUGUST	Company authorised share capital increased from RM100 million to RM500 million.
	JUNE	JAYA JUSCO Taman Tun Dr. Ismail closed.		SEPTEMBER	JAYA JUSCO STORES BHD officially changed name to AEON CO. (M) BHD.. JUSCO celebrated 20th Anniversary in Malaysia with Gala Dinner.
1995	AUGUST	JUSCO Bandar Utama (1 Utama Shopping Centre) opened.	2004	OCTOBER	Official launch of "With All Our Hearts" Malaysian JUSCO Foundation. 30,000 saplings were planted in the Malaysian-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands.
	OCTOBER	JUSCO Bandar Baru Klang (Bukit Raja Shopping Centre) opened.		OCTOBER	Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.
1996	DECEMBER	JAYA JUSCO STORES BHD was listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE).			
1997	AUGUST	JUSCO Ipoh (Kinta City Shopping Centre) opened.			
1998	DECEMBER	JUSCO Melaka Superstore was upgraded to a Shopping Centre.			
1999	DECEMBER	JUSCO Mid Valley opened.			
2000	DECEMBER	JUSCO Taman Maluri Superstore was upgraded to a Shopping Centre. JUSCO Bandar Puchong opened.			

 Our Milestones

2005	MARCH	AEON CO. (M) BHD. received a certificate of appreciation from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad for its tree planting activities.	2008	JUNE	Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares.	
	JULY	The 1st Annual WAOH Charity Gala Dinner was held.		JULY	AEON Careline was launched.	
	SEPTEMBER	JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony was held. 3,300 saplings were planted.			AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.	
		JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened.		AUGUST	JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened.	
	OCTOBER	The first Pasar Raya J-One Supermarket in Damansara Damai opened.			Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened.	
	DECEMBER	AEON Tebrau City Shopping Centre Tree Planting Ceremony held. 6,000 saplings were planted.	OCTOBER	24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted.		
2006	JANUARY	JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened.	NOVEMBER	AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted.		
	APRIL	Change of financial year end from February to December.	DECEMBER	JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa Shopping Centre) opened.		
	JUNE	AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.		AEON Bukit Indah Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.		
	JULY	JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened.		JUSCO Bukit Indah (AEON Bukit Indah Shopping Centre) opened.		
		Pasar Raya J-One Supermarket in Pearl Point opened.	2009	JUNE	Pasar Raya MaxValu Pearl Point closed.	
	SEPTEMBER	Completion of Kinta City Shopping Centre sales and lease back.		OCTOBER	25th Anniversary Tree Planting Ceremony at AEON Woodland. 25,000 saplings were planted.	
	NOVEMBER	AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.		NOVEMBER	AEON Bandaraya Melaka Shopping Centre Tree Planting Ceremony held. 2,000 saplings were planted.	
		DECEMBER	JUSCO Queensbay opened.	2010	JANUARY	"With All Our Hearts" Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation.
			JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened.		FEBRUARY	JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened.
	2007	JANUARY	Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall.		MARCH	AEON Mahkota Cheras Tree Planting Ceremony held. 3,000 saplings were planted.
JUNE		Replanting of trees at AEON Woodland.	APRIL	JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened.		
SEPTEMBER		Pasar Raya D'HATI Kota Kemuning opened.	2011	AUGUST	JUSCO Bandar Utama reopened.	
		JUSCO Bandar Sunway opened.		DECEMBER	AEON Rawang Anggun Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.	
OCTOBER		AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 saplings were planted.			JUSCO Rawang (AEON Anggun Rawang Shopping Centre) opened.	
DECEMBER		Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang opened.			Disposal of Smart Wonder World (SWW) amusement business completed.	
			JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened.			

2012	FEBRUARY	AEON Ipoh Station 18 Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.	2015	APRIL	Launch of AEON Mall rebanding.
	MARCH	AEON unveiled the new brand name “AEON” and tagline “AEON Enriching Your Lifestyle”. J Card rebranded to AEON Member Card. AEON Ipoh Station 18 (AEON Ipoh Station 18 Shopping Centre) opened.		SEPTEMBER	AEON Mall Ipoh Klebang Tree Planting Ceremony held. 13,000 saplings were planted.
	MAY	Launch of first AEON Festival in conjunction with new AEON branding. Launch of AEON Malaysia Cheers Club.		OCTOBER	AEON Food Processing Centre opened. AEON Ipoh Klebang (AEON Mall Ipoh Klebang) opened.
	NOVEMBER	AEON Seri Manjung Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.	NOVEMBER	Launch of www.shoppu.com.my	
	DECEMBER	AEON Seri Manjung (AEON Seri Manjung Shopping Centre) opened.	2016	JANUARY	AEON Mall Shah Alam Tree Planting Ceremony held. 13,048 saplings were planted.
	2013	SEPTEMBER		Launch of AEON Business Academy.	MARCH
OCTOBER		AEON Mall Kulajaya Tree Planting Ceremony held. 9,025 saplings were planted.		APRIL	AEON Kota Bharu (AEON Mall Kota Bharu) opened. AEON Index Living Mall opened in AEON Mall Kota Bharu. Pasaraya MaxValu Damansara Damai closed.
NOVEMBER		AEON Kulajaya (AEON Mall Kulajaya) opened.		SEPTEMBER	AEON Ipoh Falim opened.
2014	MARCH	Pasar Raya MaxValu Kota Kemuning closed.		OCTOBER	Pasaraya MaxValu Ampang closed.
	MAY	AEON Mall Bukit Mertajam Tree Planting Ceremony held. 8,461 saplings were planted. AEON Seberang Prai City Shopping Centre closed.		DECEMBER	AEON MaxValu Prime Sunway Velocity opened.
	JUNE	Authorised share capital increased from RM500 million to RM1 billion. Completed Bonus Issue (1:1) for 351,000,000 new Ordinary Shares and Share Split from RM1.00 per share to RM0.50 per share. AEON Bukit Mertajam (AEON Mall Bukit Mertajam) opened. Disposal of 18.18% undivided share of the land, building and structure of AEON Taman Universiti Shopping Centre (“J-Reit” Share) completed.	2017	MARCH	Rocky BaseCamp opened in AEON Mall Shah Alam. AEON Index Living Mall opened in AEON Mall Tebrau City.
	SEPTEMBER	“Forest Tree Diversity Planting” Programme at FRIM research station in Bidor, Perak held in conjunction with 30th Anniversary Tree Planting. 8,000 saplings planted.		AUGUST	AEON Mall Bandar Dato’ Onn Tree Planting Ceremony held. 10,075 saplings were planted.
	OCTOBER	AEON Mall Taiping Tree Planting Ceremony held. 6,000 saplings were planted. AEON @ Quill City Mall opened.		SEPTEMBER	AEON Bandar Dato’ Onn (AEON Mall Bandar Dato’ Onn) opened.
	NOVEMBER	AEON Taiping (AEON Mall Taiping) opened. AEON Index Living Mall opened the first store at IOI City Mall Putrajaya.		OCTOBER	Rocky BaseCamp opened in AEON Mall Tebrau City.
	DECEMBER	Pasaraya MaxValu @ Gamuda Walk Kota Kemuning opened.		DECEMBER	Index Living Mall Malaysia Sdn. Bhd. (formerly known as AEON Index Living Sdn. Bhd.) became an associate after shareholding restructuring.
	2018				JANUARY
			FEBRUARY		AEON MaxValu Prime Sphere Bangsar South opened.
			MARCH		AEON Mall Kuching Central Tree Planting Ceremony held. 500 saplings were planted.
			APRIL		AEON Kuching Central (AEON Mall Kuching Central) opened.
			OCTOBER		Air On Park opened in AEON Mall Shah Alam. AEON Quill City remodelled. Index Living Mall Malaysia Sdn. Bhd. ceased operation.
NOVEMBER			AEON Mall Nilai Tree Planting Ceremony held. 10,000 saplings were planted. AEON MaxValu Prime Section 17 Petaling Jaya opened.		



Our Milestones

2019	JANUARY	AEON Nilai (AEON Mall Nilai) opened.
	MAY	AEON Bandar Utama General Merchandise Store reopened.
	AUGUST	AEON Taman Maluri Supermarket reopened.
	SEPTEMBER	35th Anniversary Tree Planting programme in Bidor, Perak.
	OCTOBER	AEON Palm Mall, Seremban opened.
	NOVEMBER	AEON MaxValu Prime Selayang Mall, Kuala Lumpur opened.
		AEON MaxValu Prime Desa ParkCity, Kuala Lumpur reopened.
		AEON Style General Merchandise store and Taman Maluri Shopping Centre reopened.
	DECEMBER	AEON Danga Bay, Johor Bahru opened.

Notice of Annual General Meeting

Notice is hereby given that the Thirty-Fifth Annual General Meeting (“35th AGM”) of AEON CO. (M) BHD. will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform	: https://tjih.online
Day and Date	: Wednesday, 24 June 2020
Time	: 10.00 a.m.
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
Mode of Communication	: Shareholders may submit questions to the Board of Directors prior to the 35th AGM via Tricor’s TIH Online website at https://tjih.online by selecting “e-Services to login, pose questions and submit electronically not later than 10.00 a.m. on Monday, 22 June 2020 or to use the query box to transmit questions to Board of Directors via Remote Participation and Voting (“RPV”) facilities during live streaming

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1 of the Explanatory Notes)*
2. To declare and approve the payment of a final dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2019. *Ordinary Resolution 1*
3. To approve the aggregate Directors’ fees of the Company of RM1,142,500 for the financial year ended 31 December 2019. *Ordinary Resolution 2*
4. To approve the benefits payable to the Directors of the Company of up to RM300,000 from the date of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. *Ordinary Resolution 3*
5. To re-elect the following Directors who are retiring under Article 74 of the Articles of Association of the Company:
 - (i) Datuk Iskandar bin Sarudin *Ordinary Resolution 4*
 - (ii) Datuk Syed Ahmad Helmy bin Syed Ahmad *Ordinary Resolution 5*
 - (iii) Dato’ Tunku Putra Badlishah Ibni Tunku Annuar *Ordinary Resolution 6*
 - (iv) Encik Abdul Rahim bin Abdul Hamid *Ordinary Resolution 7*
 - (v) Mr Hiroyuki Kotera *Ordinary Resolution 8*
 - (vi) Ms Chong Swee Ying *Ordinary Resolution 9*
6. To re-elect the following Director who is retiring under Article 80 of the Articles of Association of the Company:
 - (i) Encik Shafie bin Shamsuddin *Ordinary Resolution 10*



Notice of Annual General Meeting

Mr Poh Ying Loo and Mr Charles Tseng @ Charles Tseng Chia Chun who retire pursuant to Article 74 of the Articles of Association of the Company, and Mr Yasuo Nishitohge who retires pursuant to Article 80 of the Articles of Association of the Company expressed their intention not to seek for re-election. Hence, they will retain office until the close of the Thirty-Fifth Annual General Meeting.

7. To re-appoint Messrs KPMG Desa Megat PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 11

As Special Business

To consider and, if thought fit, to pass the following resolution:

8. **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 ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 22 May 2020 which are necessary for the Company's day-to-day operations subject further to the following:

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related parties than those generally available to the public, and are not to the detriment of the minority shareholders;
- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting of the Company at which the Proposed Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the Annual General Meeting the mandate is again renewed;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier; and
- (iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information:
 - (a) the type of Recurrent Transactions entered into; and
 - (b) the names of the related parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

Ordinary Resolution 12

Notice of Dividend Payment

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Thirty-Fifth Annual General Meeting, a final dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2019 will be paid to shareholders on 30 July 2020. The entitlement date for the said dividend shall be 16 July 2020.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- (a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 16 July 2020 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)

TAN AI NING (SSM PC No. 202008000067) (MAICSA 7015852)

Company Secretaries

Date: 22 May 2020

NOTES:

1. In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the 35th AGM will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details for the 35th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 35th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxy(ies)** from the public will be physically present at the Broadcast venue.
3. A member of the Company entitled to participate and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote in his stead. The members may submit questions to the Board of Directors at <https://tiih.online> prior to the 35th AGM or to use the query box to transmit questions to Board of Directors via RPV facilities during live streaming. A proxy may but need not be a member of the Company.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
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. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the 35th AGM.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.



Notice of Annual General Meeting

NOTES: (continued)

8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
9. Last date and time for lodging the proxy form is **Monday, 22 June 2020 at 10.00 a.m.**
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 June 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

EXPLANATORY NOTE:

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Explanatory Note on the Special Business

Ordinary Resolution 12 on the Proposed Shareholders' Mandate

The Ordinary Resolution 12 proposed, if passed, will empower the Directors from the date of the Thirty-Fifth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 22 May 2020, which is dispatched together with this Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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 Purposes, 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.



Administrative Details

for the 35th Annual General Meeting (35th AGM)

AEON CO. (M) BHD.

Date & Time : Wednesday, 24 June 2020, 10.00 a.m.
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.

The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act, 2016 (“CA 2016”) which stipulates that the Chairman shall be at the main venue of the 35th AGM. Hence, **NO SHAREHOLDERS/PROXIES** from the public will be physically present at the Venue on the day of the 35th AGM. Shareholders will have to register to attend the 35th AGM remotely by using the RPV system, details as set out in the Administrative Notes below.

CORONAVIRUS DISEASE (COVID-19) OUTBREAK

Due to the current pandemic outbreak of COVID-19 and the needed measures taken on movement restrictions, we wish to inform you that the Company’s 35th AGM scheduled on Wednesday, 24 June 2020 will be conducted on virtual format, that is through remote voting using the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) for shareholders /proxies who wish to participate in the AGM.

In view of the COVID-19 outbreak, the Company wish to inform you that the AGM will be conducted through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) facilities and we **strongly encouraged** our Shareholders to use the RPV facilities to participate and vote remotely at the AGM.

Shareholders are strongly advised to participate and vote remotely at the 35th AGM via the RPV facilities which are available on Tricor’s TIIH online website at <https://tiih.online> and select “e-Services” to login. Please submit your request for the remote participation in accordance with the procedures as set out in the Administrative Details, latest by **Monday, 22 June 2020 at 10.00 a.m.** Should you require any assistance on the RPV facilities, kindly contact our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd.

REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 35th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the 35th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Monday, 22 June 2020 at 10.00 a.m.**

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than **Monday, 22 June 2020 at 10.00 a.m.** to participate via RPV in the 35th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Monday, 22 June 2020 at 10.00 a.m.** to participate via RPV in the AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>

As the 35th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.



Administrative Details

for the 35th Annual General Meeting (35th AGM)

PROCEDURES FOR RPV

PROCEDURES		ACTIONS
BEFORE THE DAY OF THE AGM		
1.	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under “e-Services”. Refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
2.	Submit your request	<ul style="list-style-type: none"> Registration is open from 10.00 a.m. Friday, 22 May 2020 up to 10.00 a.m. Monday, 22 June 2020. Login in with your user ID and password and select the corporate event: “(REGISTRATION) AEON 35TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting” Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting ROD as at 16 June 2020, the system will send you an e-mail to approve or reject your registration for remote participation.
ON THE DAY OF THE AGM (WEDNESDAY, 24 JUNE 2020)		
3.	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 35th AGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of the AGM on Wednesday, 24 June 2020 at 10.00 a.m.
4.	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAMING MEETING) AEON 35TH AGM” to engage in the proceedings of the 35th AGM remotely. If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will try to respond to relevant questions submitted by remote participants during the 35th AGM.
5.	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Wednesday, 24 June 2020 until a time when the Chairman announces the completion of the voting session of the 35th AGM. Select the corporate event: “(REMOTE VOTING) AEON 35TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the 35th AGM, the Live Streaming will end.



Administrative Details
for the 35th Annual General Meeting (35th AGM)

Note to users of the RPV facilities:

1. Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s TIIH Online website are summarised below:

	Procedure	Action
a	Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
b	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: “Submission of Proxy Form”. • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

PROXY

- The 35th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on Wednesday, 24 June 2020, you may appoint the Chairman of the 35th AGM as proxy and indicate the voting instructions in the Proxy Form.
- The proxy form shall be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Any notice of termination of person’s authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.
- You may also submit the Proxy Form electronically via TIIH Online website at <https://tiih.online> no later than 10.00 a.m. on Monday, 22 June 2020. Please do read and follow the above procedures to submit Proxy Form electronically.



Administrative Details

for the 35th Annual General Meeting (35th AGM)

POLL VOTING

- The voting at the 35th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad of Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and Asia Securities Sdn Berhad as Scrutineers to verify the poll results. Shareholders can proceed to vote via RPV on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 35th AGM at 10.00 a.m. Kindly refer to item (5) of the above Procedures for RPV Facilities for guidance on how to vote remotely via TIH Online website at <https://tjih.online>. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed. A Shareholder can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

ENTITLEMENT TO ATTEND AND VOTE

- Only Members whose names appear in the Record of Depositors as at 5.00 p.m. on 16 June 2020 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the AGM or appoint proxies to attend, speak and/or vote on his/her behalf.

NO REFRESHMENT AND NO DOOR GIFTS

- There will be **no distribution of refreshment/door gifts** during the 35th AGM as the meeting will be conducted on fully virtual basis.

RECORDING OR PHOTOGRAPHY

- Strictly NO unauthorised recording or photography of the proceedings of the 35th AGM is allowed.

ENQUIRES

For enquires on the administrative details of this meeting, please contact the following offices during office hours on Monday – Friday from 9.00 a.m. to 5.30 p.m.(except public holidays):

1. **Tricor Investor & Issuing House Services Sdn Bhd**

Telephone :General +603 2783 9299 / Email: is.enquiry@my.tricorglobal.com
:Ms. Christine Cheng +603 2783 9265 / Email: Christine.Cheng@my.tricorglobal.com
:Mr Tee Yee Loon +603 2783 9242 / Email: Yee.Loan.Tee@my.tricorglobal.com
:Mr Ang Wai Meng +603 2783 9281 / Email: Wai.Meng.Ang@my.tricorglobal.com

2. **AEON CO. (M) BHD.**

Ms Margaret Lee
Ms Carmen Fong
Telephone : +603-9207 2005

PROXY FORM

AEON CO. (M) BHD.

Registration No. 198401014370 (126926-H)
(Incorporated in Malaysia)

No. of Shares Held	
CDS Account No.	

I/We, _____ (name of shareholder as per NRIC, in capital letters)
NRIC No./ID No./Company No. _____ (new) _____ (old)
of _____ (full address)
being a member of AEON CO. (M) BHD., hereby appoint _____
(name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old)
of _____ (full address)
or failing him/her _____ (name of proxy as per NRIC, in capital letters)
NRIC No. _____ (new) _____ (old)
of _____

_____ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Fifth Annual General Meeting ("35th AGM") of the Company, to be conducted fully virtual at the Broadcast Venue at 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 on Wednesday, 24 June 2020 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	To declare and approve the payment of a final dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2019		
Ordinary Resolution 2	To approve the aggregate Directors' fees of the Company of RM1,142,500 for the financial year ended 31 December 2019		
Ordinary Resolution 3	To approve the benefits payable to the Directors of the Company of up to RM300,000 from the date of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting of the Company		
Ordinary Resolution 4	To re-elect Datuk Iskandar bin Sarudin as Director		
Ordinary Resolution 5	To re-elect Datuk Syed Ahmad Helmy bin Syed Ahmad as Director		
Ordinary Resolution 6	To re-elect Dato' Tunku Putra Badlishah Ibni Tunku Annuar as Director		
Ordinary Resolution 7	To re-elect Encik Abdul Rahim bin Abdul Hamid as Director		
Ordinary Resolution 8	To re-elect Mr Hiroyuki Kotera as Director		
Ordinary Resolution 9	To re-elect Ms Chong Swee Ying as Director		
Ordinary Resolution 10	To re-elect Encik Shafie bin Shamsuddin as Director		
Ordinary Resolution 11	To re-appoint Messrs KPMG Desa Megat PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 12	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		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Signature of Shareholder or Common Seal _____

Dated this _____ day of _____ 2020

NOTES:

- In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the 35th AGM will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiah.online>. Please follow the procedures provided in the Administrative Details for the 35th AGM in order to register, participate and vote remotely via the RPV facilities.
- The venue of the 35th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxy(ies)** from the public will be physically present at the Broadcast venue.
- A member of the Company entitled to participate and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote in his stead. The members may submit questions to the Board of Directors at <https://tiah.online> prior to the 35th AGM or to use the query box to transmit questions to Board of Directors via RPV facilities during live streaming. A proxy may but need not be a member of the Company.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 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.
- A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Details for the 35th AGM.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIH Online.
- Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- Last date and time for lodging the proxy form is Monday, 22 June 2020 at 10.00 a.m.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment should be executed in the following manner:
 - If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 June 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

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 as set out in the Notice of Annual General Meeting dated 22 May 2020.



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The Share Registrar:

AEON CO. (M) BHD. Registration No. 198401014370 (126926-H)

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi, 59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

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AEON CO. (M) BHD.

Registration No. 198401014370 (126926-H)

3rd Floor, AEON Taman Maluri Shopping Centre,
Jalan Jejaka, Taman Maluri, Cheras,
55100 Kuala Lumpur, Malaysia.

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AEON CARELINE : 1-300-80-AEON(2366)

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