



EMBRACING NEW RETAIL



ANNUAL REPORT
2020



AEON Taman Maluri Shopping Centre, Kuala Lumpur



COVER RATIONALE

EMBRACING NEW RETAIL

FY2020 has been a catalytic year of transformation and progress, spearheaded through AEON's many digitalisation initiatives. The Company's transformation journey has opened many exciting retail opportunities including enabling AEON to effectively deliver its New Retail Model and to offer seamless offline to online customer shopping experiences. Driven by new strategies for a new normal, AEON shall continue to move forward with speed and agility while continuing to address the pulse of the customers.

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Scan the QR code to get AEON Malaysia's Annual Report 2020 online in PDF format.

AEON KICKSTART ITS NEW RETAIL ECOSYSTEM

SEAMLESS OFFLINE AND ONLINE SHOPPING IN
ONE INTEGRATED PLATFORM

COVID-19 has been the game changer for many industries in accelerating the digital platform for businesses globally. Customers are more tech savvy and in this digital age, AEON has kickstarted its new retail experience by launching its own Offline to Online (“O2O”) ecosystem platform to offer customers the choice of shopping at an AEON store or from the comfort of their homes.

SHOP ONLINE NOW AT

fresh.myaeon.com.my
myaeon.com.my
myaeon-sg.com



5 KEY OBJECTIVES

01

To prepare AEON employees, customers, and stakeholders for new business, driven by digital disruption.

02

To create inclusivity of AEON stakeholders in a new living zone.

03

To build AEON digital infrastructure in order to be agile to weather future business disruptions.

04

To promote local community growth by providing more opportunities for participation in the digital economy.

05

To promote transparency and openness by leveraging on technology.







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ABOUT AEON

WE ENRICH PEOPLE'S LIVES BY PROVIDING QUALITY PRODUCTS AND SERVICES THAT OUR CUSTOMERS APPRECIATE AND DEPEND ON.

OUR PHILOSOPHY

CUSTOMER FIRST



The AEON Group of Companies is an integrated Japanese retailer in Japan, ASEAN and China. 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.

The Business Purpose which make up the essence of our operations are encapsulated into three key pillars namely; PEOPLE, PLANET and PEACE.



PEOPLE

AEON respects human dignity and values personal relationships, caring for the wellbeing of its employees, customers, business partners and communities.



PLANET

AEON is committed to protecting the environment, biodiversity and ecosystems.



PEACE

AEON's business operations are focused on achieving peace through prosperity and the beauty of sharing.

OUR STRATEGY

UNDERLYING SDGS

The six United Nations Sustainable Development Goals (SDGs) with three Business Philosophies and three Business Approaches are the guides to our five Key Strategic Pillars.



3 BUSINESS PHILOSOPHIES

1
DEMAND CHAIN BUSINESS
Understanding the needs of customers and making these our first priority

2
SNIPERING & PERSONALISATION
Targeted and segmented customer segment

3
TRANSPARENCY
Communications between employees, customers and all stakeholders

3 BUSINESS APPROACHES



AGILE



GENBA



ENTREPRENEURIAL

5 KEY STRATEGIC PILLARS

PRESENT: VALUE CAPTURE



ENHANCE OUR
ENGINE 1.0



ENERGISE PEOPLE
& ORGANISATION

FUTURE: DIGITAL TRANSFORMATION



ENABLE
ENGINE 2.0



ENTREPRENEURIAL
DATA DRIVEN
TECHNOLOGY



EMPOWERED
ECOSYSTEM

A LEADING CHAIN OF DEPARTMENTAL STORE, SUPERMARKETS AND MALLS

AEON CO. (M) BHD. ("AEON" or "the Company") was incorporated on 15 September 1984 in Malaysia. AEON was set up in response to the Malaysian Government's invitation to help modernise the country's retailing industry. AEON's chain of stores strives to satisfy the ever-changing needs and desires of consumers and the brand AEON today is well established among Malaysians.

Guided by its "Customer First" philosophy, the company's acute understanding of the target market needs, aided by optimal product-mix, AEON surpasses consumer expectations and enhances their experience 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 possibilities.

OUR STRENGTH

As at 16 April 2021

AEON MALL	AEON STORE	AEON MAXVALU/ MAXVALU PRIME	AEON EMPLOYEES	AEON TENANTS
28	34	9	10,300+	2,890
AEON WELLNESS	DAISO	TOTAL OUTLETS IN MALAYSIA	SUPPLIERS AND BUSINESS PARTNERS	FY2020 GROSS SALES
66	44	181	2,766	RM4.253 BILLION

CORPORATE INFORMATION AND DIRECTORY

BOARD OF DIRECTORS

Datuk Iskandar bin Sarudin
(Chairman)

Shafie bin Shamsuddin

Tsutomu Motomura
(appointed on 21 January 2021)

Datuk Syed Ahmad Helmy bin Syed Ahmad

Dato' Tunku Putra Badlishah Ibni Tunku Annuar

Abdul Rahim bin Abdul Hamid

Chong Swee Ying

Soichi Okazaki
(appointed on 25 June 2020)

Hiroyuki Kotera
(resigned on 21 January 2021)

► 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 PLT
(LLP0010081-LCA & AF 0758)
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. 201001039768(923693-H)]

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

CORPORATE CALENDAR

NOTICE OF ANNUAL GENERAL MEETING

- 22 May 2020

ANNUAL GENERAL MEETING

- 24 June 2020

PAYMENT OF DIVIDEND

- Book Closure 16 July 2020
- Payment 30 July 2020

QUARTERLY RESULTS ANNOUNCEMENTS

- 1st Quarter 20 May 2020
- 2nd Quarter 27 August 2020
- 3rd Quarter 25 November 2020
- 4th Quarter 24 February 2021

FIVE-YEAR FINANCIAL HIGHLIGHTS

Year Ended 31 December	2020 RM'000	2019* RM'000	2018 RM'000	2017** RM'000	2016*** RM'000
FINANCIAL RESULTS					
Revenue	4,051,302	4,538,884	4,353,640	4,123,351	4,018,688
Retailing	3,444,661	3,832,247	3,666,306	3,458,981	3,417,676
Property management services	606,641	706,637	687,334	664,370	601,012
EBITDA	746,127	843,402	532,568	524,587	462,304
Profit before tax	101,756	196,887	187,038	193,806	163,029
Profit after tax	41,423	109,292	105,123	105,007	90,892
Profit attributable to owners of the Company	41,423	109,292	105,123	105,007	90,892
Net dividend	21,060	56,160	56,160	56,160	42,120
FINANCIAL POSITIONS					
ASSETS					
Property, plant and equipment and Intangible assets	3,376,593	3,659,183	3,713,634	3,521,273	3,455,704
Right of use assets	1,689,636	1,772,427	—	—	—
Investments	57,848	76,600	82,106	92,690	101,427
Deferred tax assets	147,071	120,059	2,242	—	—
Other non-current assets	18,424	19,024	17,954	17,427	16,771
Current assets	803,819	890,481	830,770	778,174	839,814
TOTAL ASSETS	6,093,391	6,537,774	4,646,706	4,409,564	4,413,716
EQUITY					
Share capital	702,000	702,000	702,000	702,000	702,000
Non-distributable reserves	54,698	64,636	70,023	61,478	43,429
Retained earnings	914,297	929,034	1,248,352	1,199,389	1,136,502
Total equity attributable to owners of the Company	1,670,995	1,695,670	2,020,375	1,962,867	1,881,931
LIABILITIES					
Borrowings	933,580	928,660	995,423	937,670	965,392
Lease liabilities	2,230,339	2,293,098	—	—	—
Deferred tax liabilities	—	—	—	11,316	27,990
Other liabilities	1,258,477	1,620,346	1,630,908	1,497,711	1,538,403
TOTAL EQUITY AND LIABILITIES	6,093,391	6,537,774	4,646,706	4,409,564	4,413,716
FINANCIAL INDICATORS					
Earnings per share (sen)	2.95	7.78	7.49	7.48	6.47
Net dividend per share (sen)	1.50	4.00	4.00	4.00	3.00
Net assets per share (RM)	1.19	1.21	1.44	1.40	1.34
Net debt to equity (%) ****	51.60	50.82	45.20	43.77	46.97
Return on equity (%)	2.48	6.45	5.20	5.35	4.83
Price earnings ratio	36.27	18.25	19.63	23.53	39.72
Share price as at December (RM)	1.07	1.42	1.47	1.76	2.57

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.

**** Net debt to equity with lease liabilities included within is recorded at 185.07% as at 31 December 2020 (186.05% as at 31 December 2019).

SHARE PRICE AND FINANCIAL CHARTS

SHARE PRICE

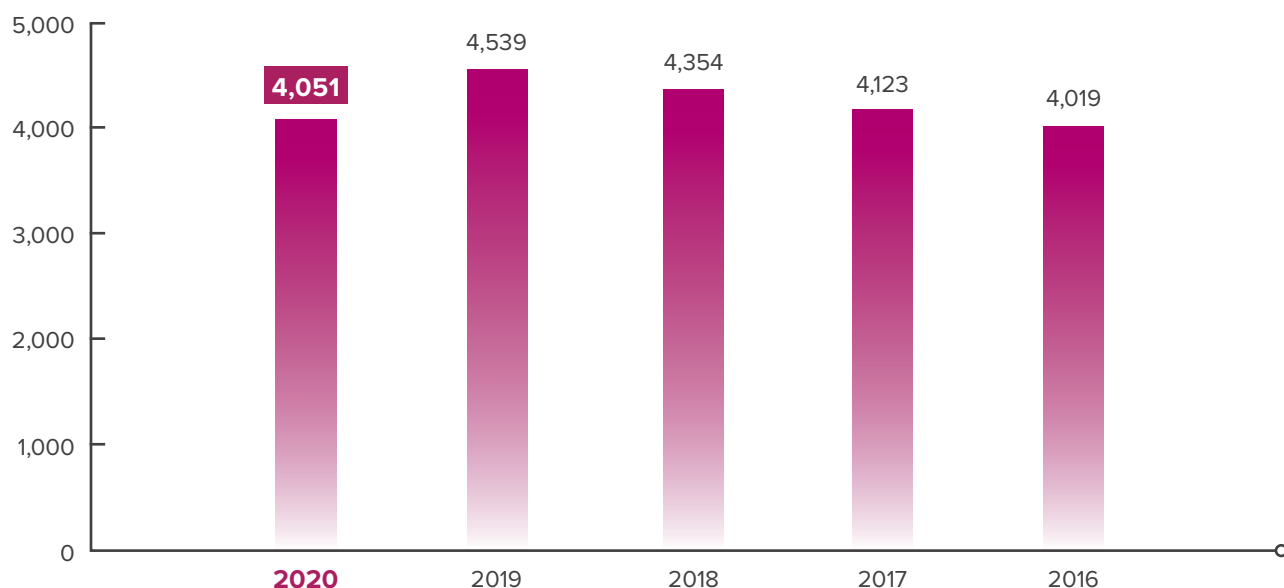
2020

STOCK CODE: **6599**STOCK NAME: **AEON**

	Jan	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
High (RM)	1.450	1.400	1.350	1.160	1.200	1.080	1.030	0.895	0.870	0.795	0.910	1.150
Low (RM)	1.330	1.280	0.910	1.000	1.000	0.990	0.830	0.785	0.760	0.685	0.670	0.865
Volume ('000)	30,217	18,776	34,519	29,828	21,980	54,650	55,913	44,481	46,468	41,833	103,130	225,724

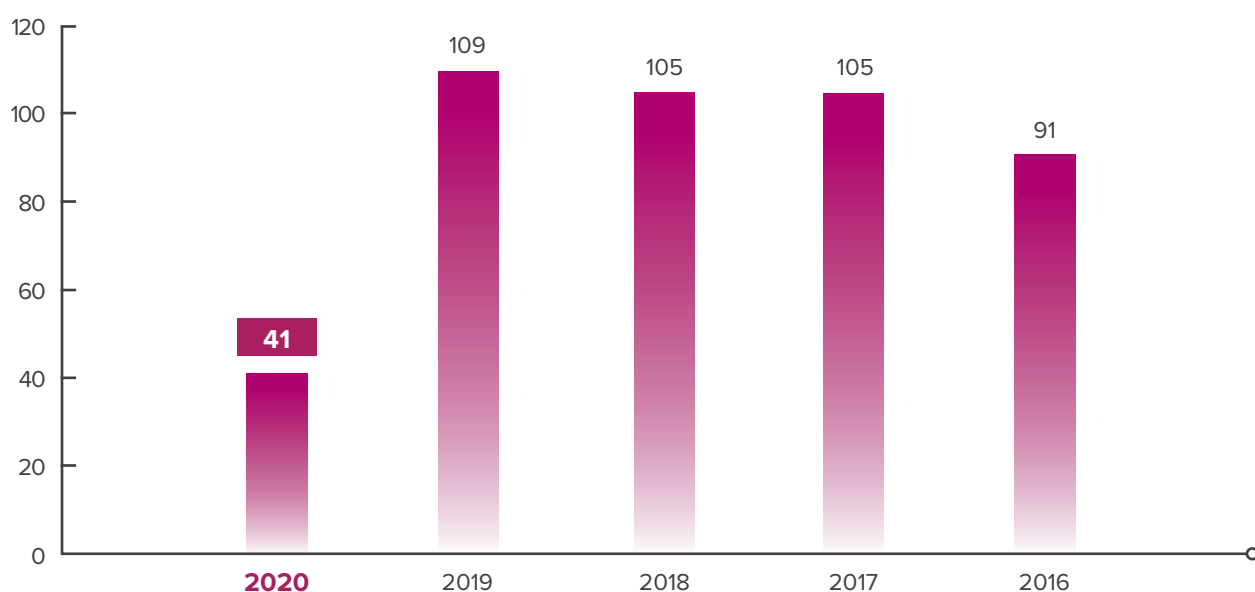
REVENUE

RM million



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM million



CHAIRMAN'S STATEMENT



DATUK ISKANDAR BIN SARUDIN

Chairman

“

The various challenges faced during the financial year served as catalysts for **AEON** to quantum leap our digital journey.

”

Dear Shareholders,

On behalf of the Board of Directors of AEON CO. (M) BHD. (“AEON” or “the Company”), I hereby present the annual report and audited financial statements for the financial year ended 31 December 2020 (“FY2020”).

YEAR IN REVIEW

FY2020 was by far, the most challenging year for our business. However, the various challenges faced during the financial year served as catalysts for AEON to quantum leap our digital journey, while further establishing our brand as a leading household name in Malaysia.

Embracing and adapting to the prevailing scenario in FY2020, AEON has continued to achieve steady progress in the realisation of its transformation journey. FY2020 has made AEON more customer driven, market focused and technologically driven towards further developing its living zone ecosystem.

As most of us are well aware, FY2020 was impacted by the COVID-19 pandemic, an unprecedented black swan event. The retail sector in particular was affected by the onset of a new normal as consumers' consumption patterns and behaviours shifted rapidly during the pandemic period.

Even industries deemed essential services faced various operational and logistical issues, amidst reduced consumer spending and consumption.

AEON rose to meet the aforementioned challenges in a proactive and strategic manner. By drawing on our organisational culture and our people, our inherent business strengths and from our business approaches of Agile, Genba and

CHAIRMAN'S STATEMENT

Entrepreneurial, we have weathered the storm to emerge more resilient, flexible and ready for the future.

For FY2020, AEON recorded another year of profitability and has continued to reward shareholders with dividends. We have continued to operate as usual, albeit with compliance to COVID-19 SOPs, ensuring reliability and providing trust and confidence to consumers; that AEON is there for them to meet their basic needs during this most crucial time.

Equally noteworthy, beyond business and operational achievements, the Board draws a measure of satisfaction that AEON has continued to care for the people in its ecosystem. This includes employees, tenants, vendors, suppliers and customers.

One key highlight is our support in assisting our tenant community to transition into the digital marketplace and also to improve their brand visibility. Beyond providing rebates, discounts and incentives, we have also provided tangible support in expanding their market reach, improving operational efficiency via back-office support, providing avenues online to reach customers and more.

REVENUE

✓ 10.8%

RM4.051 billion

2019: RM4.539 billion

OPERATING PROFIT

✓ 27.7%

RM259.3 million

2019: RM358.7 million



AEON Malaysia Chairman Datuk Iskandar bin Sarudin (right) receiving Best Taxpayer Award 2020 on behalf of AEON from Finance Minister Yang Berhormat Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz (middle).

Our efforts have been fruitful as AEON in FY2020 achieved a tenancy occupancy rate of 83.8%.

These and other highlights and achievements are captured in the Management Discussion and Analysis ("MD & A") section of this annual report. I invite you to review the MD & A towards gaining a more informed perspective of how AEON has created value in FY2020 for itself and others, and essentially how we have come out from FY2020 better, stronger and more prepared for the future.

FINANCIAL PERFORMANCE

In FY2020, AEON posted revenue of RM4.051 billion, 10.8% lower compared to the previous financial year's RM4.539 billion. Company topline performance was lower, attributed to reduced revenue contribution particularly from the retail business segment. On the back of reduced

revenues, profit from operations was lower at RM259.3 million, 27.7% lower, year-on-year.

The Company has undertaken various strategic measures to yield cost and operational efficiencies and also to increase brand visibility as well as presence within the digital marketplace. Efforts have also been placed in ensuring healthy and sustainable profit margins for our products amidst mismatch and disruption of supply chains in FY2020.

With this, AEON has achieved reduced Operating Expenses ("OPEX"), while growing its market presence. Online sales have seen notable improvements in FY2020, year-on-year.

The Company's balance sheet remains fundamentally robust with healthy cashflows and a robust cash position to meet working capital requirements.



Specific details on the Company's financial performance is given in the MD & A section of this annual report.

On the back of hard-won efficiencies, improved productivity and new offerings based on our innovative digitalisation strategies, the Board and Management are optimistic of an improved business and financial performance in FY2021.

SAFEGUARDING OUR PEOPLE

Beyond business and operational performance, we have been fully committed to keeping our workforce healthy and safe, not forgetting our valued customers, tenants and other stakeholders.

In FY2020, all required measures as per the Government's SOPs for retail sector operations were implemented to keep the AEON community within our ecosystem as safe as possible from COVID-19. We complied with all SOPs and most importantly, our employees were excellent for their discipline and strict adherence to SOPs. Their contributions in particular, have enabled a safer shopping environment across all AEON properties.

Beyond SOPs compliance, the Board is pleased to say that AEON has looked after the wellbeing of its employees. I wish to highlight that despite reduced consumer spending and retail appetite, Management has not resorted to laying off employees. We have remained true to our ethos; that AEON is a "family" that takes care of its own, even during the most difficult of times.

We will continue to focus on further developing AEON. The Board and Management will continue to drive the democratisation of resources to develop a retail ecosystem driven by technology and integrated with the human elements of retail. This approach will be key to driving our growth and progress going forward.



AEON continued to pursue its CSR efforts notwithstanding the disruptive effects of the pandemic.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITIES

AEON champions six United Nations Sustainable Development Goals ("SDGs"). These are SDG 3: Good Health and Well-being, SDG 4: Quality Education, SDG 8: Decent Work & Economic Growth, SDG 12: Responsible Consumption & Production, SDG 15: Life On Land and SDG 16: Peace, Justice and Strong Institutions.

The adopted United Nations SDGs are further linked to AEON's key pillars of business purposes namely People, Planet and Peace (3Ps). Consistent with these SDGs, AEON has continued to pursue its Corporate Social Responsibilities ("CSR") efforts notwithstanding the disruptive effects of COVID-19.

In FY2020, from frontliners to displaced members of society; to those who have lost their livelihoods, AEON has stepped forward to lend a wide range of financial and non-financial assistance. Programmes and events held included (but were not limited to) assistance provided to the police force and army personnel, distribution of home care boxes, chairs and other amenities to healthcare frontliners in hospitals and more.

Other activities held in FY2020 were the Kotak Merdeka programme, Piece of Love campaign, AEON Berkat Ramadan and AEON Berkat Korban initiatives, flood relief and homeware assistance and also Tabung AEON di Hatiku – A Mask Story.

Specific details of these CSR programmes and initiatives are provided in the Sustainability Statement section of this report.

OUTLOOK AND PROSPECTS

While a return to pre-COVID normalcy can only be expected at the start of FY2022, the various strategic efforts undertaken in FY2020 are beginning to show positive results for the Company going into the second quarter of FY2021.

Despite the continued lingering effects of COVID-19, AEON is seeing stronger growth and customer traction, amidst a highly competitive retail landscape with many established and new players.

We draw confidence that the government's ongoing vaccine dissemination campaign will help to restore consumer confidence and progressively, a stronger appetite to spend on the back of pent-up

CHAIRMAN'S STATEMENT



demand and improving incomes, going forward.

Our focus in FY2021 is to drive our New Retail ecosystem, while continuing to exercise vigilance against external challenges. This includes ensuring continued compliance to all SOPs during the transitional, recovery period of FY2021.

We have drawn up strategies that will enable a more customer oriented stance as the pandemic scenario dissipates over time and a pre-COVID-19 scenario emerges.

In the longer term, the adopted six United Nations SDGs that have been encapsulated into three key pillars of business purpose, People, Planet and Peace (3Ps) make up the essence of our business.

We will continue to be led by our 3Ps in delivering both financial and non-financial value for true, long-term business and operational sustainability.

In essence, AEON is well positioned to remain competitive and to grow towards being an employer of choice, a preferred retail and consumer experience partner store, and a continued leader for exemplary corporate sustainability and good governance.

By putting people and customers first and continuing to embrace technology,

AEON is poised to develop a New Retail Model that focuses on providing seamless offline to online customer experiences.

ACKNOWLEDGEMENTS

In an unprecedented year of change and challenge, the Board wishes to firstly thank the AEON workforce, whose stellar contributions during the pandemic year have been so instrumental in our FY2020 narrative of continued resilience and progress.

Their willingness to adapt to the new normal; to make personal and professional sacrifices and to uphold a high level of professionalism is greatly appreciated by the Board. We count on their continued commitment to delivering another year of growth and progress in FY2021.

The Board also wishes to thank the Management of AEON for their business acumen and strategic response in ensuring that the Company remained robust during FY2021. I also take this opportunity to thank my fellow Board members for their wise counsel and exemplary service to the Company; especially for their contributions on the various Board Committees.

In particular, I wish to acknowledge Mr Poh Ying Loo, Mr Charles Tseng and Mr Yasuo Nishitohge, all of whom retired from the Board on 24 June 2020.

AEON thanks them for their tenure of service and for having played a pivotal part in the Company's journey of growth. Notably, for their stewardship and contributions during the first half of FY2020 and at the height of the virus pandemic period.

In the same vein, I also wish to acknowledge Mr Hiroyuki Kotera, who retired from the Board on 21 January 2021. The Board extends its sincere appreciation to Mr Kotera for the significant role he has played since his ascendance to the Board in FY2016. We give all retired directors our wishes for their future endeavours.

At the same time, on behalf of the Board, Management and staff, I am pleased to welcome two new board members, Mr Soichi Okazaki who came on board on 25 June 2020 and Mr Tsutomu Motomura who joined us on 21 January 2021. I am confident with Mr Okazaki's illustrious 40 years of experience within AEON Group ranging from executive to chairmanship serving in over three countries, and Mr Motomura's extensive experience in marketing, sales numerical and retail management will add further strength and wisdom to the Board.

On a related note, the Board wishes to thank our many valued customers, shareholders, business partners, financiers, government authorities and statutory bodies for their continuous support and confidence in the Company.

Let us all continue to stand united as #OneAEON in facing the challenging times ahead and remain fully committed for the Company to be future ready and continue to grow from strength to strength.

Thank you.

Datuk Iskandar bin Sarudin
Chairman

BOARD OF DIRECTORS' PROFILES

DATUK ISKANDAR BIN SARUDIN

Independent
Non-Executive Chairman

Malaysian

Aged 66

Male

Date of Appointment to the Board:
27 February 2017

Number of Board Meeting attended:

4/4

Board Committee(s):

- Chairman of Remuneration Committee
- Chairman 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 bin Sarudin 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. He is also President of Persatuan Muafakat One Belt One Road Malaysia since 2016.

BOARD OF DIRECTORS' PROFILES

SHAFIE BIN SHAMSUDDIN

Managing Director

Singaporean

Aged 50

Male

Date of Appointment to the Board:

1 January 2020

Number of Board Meeting attended:

4/4

Board Committee(s):

- Nil

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 Organisational 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 on the Board of Petronas Dagangan Berhad as the Independent Non-Executive Director. Encik Shafie is also a Managing 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. which spanned from July 2019 until December 2019.

TSUTOMU MOTOMURA

Deputy Managing Director

Japanese

Aged 52

Male

Date of Appointment to the Board:

21 January 2021

Number of Board Meeting attended:

N/A

Board Committee(s):

- Nil

Academic/Professional Qualification:

- Bachelor Degree in Business Administration, Dominican University, USA

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

- Nil



Mr Tsutomu Motomura joined AEON Co., Ltd. in June 1993 as Manager of Dining/Department at AEON Kansai Store, Tokyo, Japan. His responsibilities in sales floor planning, staff control, education and sourcing earned him the position as Hardline Manager in April 2000, where he was transferred to AEON Futtsu Store, in Chiba. With further exposure into marketing, sales numerical and retail management, he was tasked with his first overseas post in AEON CO. (M) BHD., Malaysia as Project Manager in 2002. In his second year in the country, he was promoted to Senior Manager where he oversaw expansion of AEON stores nationwide and diversified merchandise.

In March 2008, he returned to Japan to manage AEON Murakami Higashi Store until March 2010. He served as Store Manager for AEON Noa Store for a year prior to his promotion as Deputy Managing Director for Beijing AEON, China until March 2019. Prior to his return to Malaysia, Mr Motomura was a General Manager for AEON Co., Ltd., Japan, where he helped to develop new specialty business formats, supporting exports and store openings in China and Asean countries. Since January 2021, he sits as Deputy Managing Director and an Executive Director of AEON CO. (M) BHD. He is also a Director of AEON BiG (M) Sdn. Bhd. since January 2021.

BOARD OF
DIRECTORS' PROFILES

**DATUK SYED
AHMAD HELMY BIN
SYED AHMAD**

Independent
Non-Executive Director

Malaysian

Aged 74

Male

Date of Appointment to the Board:
16 April 2013

Number of Board Meeting attended:

4/4

Board Committee(s):

- Member of Audit & Risk Management Committee
- Member of Remuneration Committee
- Member of Nomination Committee

Academic/Professional Qualification:

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

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

- Nil



Datuk Syed Ahmad Helmy bin Syed Ahmad has forty (40) years of experience as a 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 was appointed as the Chairman of Advocates & Solicitors Disciplinary Board.

DATO' TUNKU PUTRA BADLISHAH IBNI TUNKU ANNUAR

Independent
Non-Executive Director

Malaysian Aged 56 Male

Date of Appointment to the Board:
16 April 2013

Number of Board Meeting attended:
4/4

Board Committee(s):

- Member of Audit & Risk Management Committee
- Member of Nomination 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 - Communications in 1989 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 the Sime Darby Group in January 1996 and had held various senior positions within the Group, 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 (January 2006 to October 2007).

Dato' Tunku was appointed as the Executive Vice President - Property Development & Strategic Investments, 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 founding the Putra Group of Companies. He is currently the Executive Chairman of Putra Ventures Sdn Bhd and Putra Land Sdn Bhd.

BOARD OF DIRECTORS' PROFILES

ABDUL RAHIM BIN ABDUL HAMID

Independent
Non-Executive Director

Malaysian

Aged 70

Male

Date of Appointment to the Board:
16 August 2013

Number of Board Meeting attended:

4/4

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 bin Abdul Hamid 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 three 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 the 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.

SOICHI OKAZAKI

Non-Independent
Non-Executive Director

Japanese

Aged 62

Male

Date of Appointment to the Board:
25 June 2020

Number of Board Meeting attended:

2/2

Board Committee(s):

- Nil

Academic/Professional Qualification:

- Faculty of Business Administration,
Toyo University

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

- Nil



Mr Soichi Okazaki has an illustrious 40-year career within the AEON group, ranging from executive to chairmanship serving in over three countries. He first joined AEON Japan in March 1981 and 14 years later, he was Director at AEON Guangdong Store, China for six years. In June 2001, he first stepped in Malaysia to assume the posts of Director and President of AEON CO. (M) BHD. With stellar leadership and dedication, he returned to his native country to become Vice President of AEON Co., Ltd., and helmed AEON Supercenter Co. Ltd. as its General Manager and President, successively in 2005. In 2009, he was Director and General Manager of AEON Co., Ltd.'s Marketing and Planning Division.

In 2011 Mr Okazaki was promoted as Chief Executive Officer and President of AEON Mall Co. Ltd., and concurrently served as Vice President and CEO, Shopping Centre Development Business of AEON Co., Ltd. In 2015, he became CEO and President of AEON Retail Co. Ltd while holding his directorship at AEON Mall. The next five years saw further development within AEON ranks, where he presided over Departmental Store business and International business. He was appointed as the Chairman of AEON Retail Co. Ltd in March 2019 and currently also serves as Executive Officer for AEON Co., Ltd.'s ASEAN Business.

BOARD OF DIRECTORS' PROFILES

CHONG SWEE YING

Non-Independent
Non-Executive Director

Malaysian

Aged 57

Female

Date of Appointment to the Board:
23 August 2018

Number of Board Meeting attended:

4/4

Board Committee(s):

- Nil

Academic/Professional Qualification:

- Tunku Abdul Rahman College, Kuala Lumpur

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

- Nil

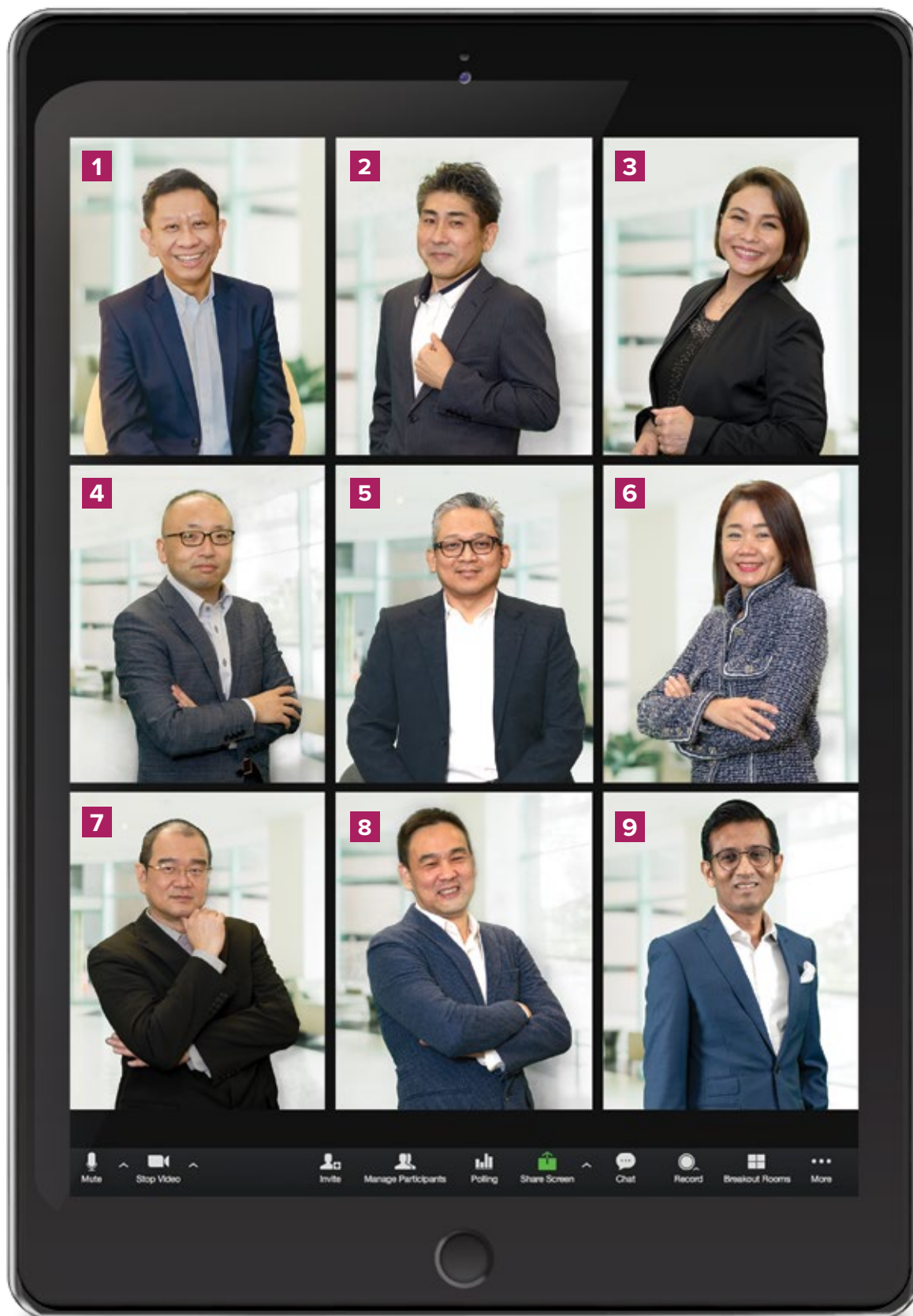


Ms Chong Swee Ying joined AEON CO. (M) BHD. as Administration staff in 1985. From 1985 to 2002 she was in-charge of various departments including Hardline Merchandiser, Softline Group Leader, Leasing Manager and Senior Manager of Shopping Centre Management. In 2003, she was appointed as General Manager 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 was then appointed as Advisor to AEON Fantasy (Malaysia) Sdn Bhd since July 2018.

Note: Save as disclosed in this annual report, all the Directors mentioned in pages 15 to 22 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



SENIOR
MANAGEMENT

AEON

Leadership Council

1 SHAFIE BIN SHAMSUDDIN
*Managing Director/
Chief Executive Officer*

Singaporean **Aged 50** **Male**

Date of Appointment:
1 January 2020

His profile appears on page 16.

2 TSUTOMU MOTOMURA
*Deputy Managing Director/
Executive Director*

Japanese **Aged 52** **Male**

Date of Appointment:
21 January 2021

His profile appears on page 17.

3 SUNNY SETIAWAN
Chief Operating Officer

Indonesian **Aged 56** **Female**

Date of Appointment:
12 March 2020

Directorship(s) in other public companies/listed companies:
• Nil

Responsibilities:

- Managing AEON Retail Business Units (Departmental Store, Maxvalu, Wellness and Daiso).
- Managing AEON Mall Leasing, Operations and Marketing.
- Developing the operational capability and strategy across the Retail and Mall.

Academic/Professional Qualification:

- Master Degree of Retailing, University of Stirling, Scotland, UK.
- Management Degree, University of Tarumanegara, Indonesia.

Past Experience:

- Managing Director, CENTRAL Retail Indonesia.
- Chief Operating Officer, CENTRAL Retail Vietnam.
- Director of Store Operations, PT. Matahari Department store, Indonesia.
- National Retail Operations Manager, Mitra Adi Perkasa, Indonesia.

4 NOBUTADA HANAOKA
Chief Governance Officer

Japanese **Aged 48** **Male**

Date of Appointment:
1 April 2020

Directorship(s) in other public companies/listed companies:
• Nil

Responsibilities:

- Overall management and operations of Strategy, Legal, Non-Trade Procurement, Quality Management, Risk Prevention and Mall Credit Control.
- Responsible for regulatory and compliance across AEON.

Academic/Professional Qualification:

- International Study, Mt. Hood Community College, USA.

Past Experience:

- Senior General Manager, AEON BiG (M) Sdn Bhd.
- Leader, Accounting, AEON Ibis Co., Ltd, Japan.
- Accounting Executive, AEON Retail Co., Ltd, Japan.

5 DR KASUMA SATRIA

Chief Human Resources Officer

Malaysian

Aged 48

Male

Date of Appointment:

1 April 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Overall management and operations of Human Resources, Corporate Services and Corporate Communications divisions.
- Responsible for setting, executing and operationalising AEON's people, business and branding strategies.

Academic/Professional Qualification:

- Doctorate, Multimedia University, Malaysia.
- MBA, University of Huddersfield, UK.
- Degree in Business Administration (Hons.), International Trade, University Utara Malaysia.

Past Experience:

- General Manager, Education Operations, LeapED Services (Khazanah Nasional wholly-owned company).
- Director and Vice President, Sales & Business Development, Onshore & Offshore, Malaysia & Brunei, TechnipFMC.
- Vice President, East Malaysia & Brunei, Technip.
- Regional Vice President, Human Resources & Corporate Development, Asia Pacific, Technip.
- Group Vice President, Global Sourcing & Recruitment, France, Technip.

6 AMANDA HO MIN CHIH

Chief Financial Officer

Malaysian

Aged 48

Female

Date of Appointment:

1 April 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- To optimise the financial performance of the Company including its reporting, liquidity and return on investment.
- Overall management and operations of Corporate Finance, Accounting, Treasury and Finance Planning and Analysis (FP&A).
- Responsible for setting financial strategy.

Academic/Professional Qualification:

- Bachelor Degree in Accounting, University Kebangsaan Malaysia.
- Chartered Accountant, Malaysian Institute of Accounts (MIA).

Past Experience:

- Chief Financial Officer, Chanel Malaysia.
- Chief Financial Officer, Esthetics International Group Berhad.
- Variety of senior management positions in other retail companies covering finance & accounting; IT, inventory & logistics management, taxation & customer relationship management.

7 DJONI HERLABANG

Chief Technology Officer

Indonesian

Aged 54

Male

Date of Appointment:

15 April 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Leading digital transformation.
- Setting up AEON Kaizen Mobile-Intelligence as a profit centric business unit.
- Approve purchases of technological equipment and software.
- Designing and customising technological systems and platforms to improve customer experience.
- Analyse the costs, value and risks of technology to advise management and suggest actions.

Academic/Professional Qualification:

- Master's Degree in Information System, Indonesia.

Past Experience:

- More than 30 years' experience in retail industry specialising in digital transformation.
- Held various senior management positions leading the IT Divisions in several retail organisations throughout Asia.

SENIOR
MANAGEMENT**8 LEE BENG BENG***Chief Property Officer*

Malaysian

Aged 51

Male

Date of Appointment:

12 March 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Overall strategy, planning and management of the Property division.
- Responsible for developing the strategy, planning and setting directions for property and related scopes including business development, retail planning, concept & design and project management.
- Responsible for property management, maintenance and operations of facilities of the properties.

Academic/Professional Qualification:

- Diploma in Business & Management, Institute of Commercial Management, UK.
- Registered Property Manager (PM0352) with Malaysian Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEA/LPPEH).
- Certified Centre Manager (CCM) with Persatuan Pengurusan Kompleks Malaysia (PPKM).

Past Experience:

- Director of Retail at Malaysia Land Properties Group, Malaysia.
- Director, Retail at OSK Property, Malaysia.
- Head of Retail & Commercial at Belleview Group, Malaysia.
- Various senior management positions at shopping centres in Belleview Group and Penas Group, Malaysia.

9 AZLI BIN MOHAMED*Chief Entrepreneurial Commerce Officer*

Malaysian

Aged 45

Male

Date of Appointment:

19 April 2021

Directorship(s) in other public companies/listed companies:

- Malaysian Global Innovation & Creativity Centre (MaGIC) Berhad

Responsibilities:

- Overall management and operations of E-Commerce ecosystem, platform strategy and value chain from first-mile, mid-mile, and last-mile.
- Responsible for the design and execution of Engine 2.0 P&L, powering the Company towards the next level of growth.

Academic/Professional Qualification:

- Degree in Business Administration, University Utara Malaysia.

Past Experience:

- Chief Strategy & Growth Officer, Air Asia Group, Malaysia.
- Chief Strategy Officer, Malaysia Airports Holdings Berhad.
- Variety of senior management positions in GE Malaysia & ASEAN.

Note: Save as disclosed in this annual report, all the Senior Management mentioned in pages 23 to 26 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.

MANAGEMENT DISCUSSION AND ANALYSIS



SEGMENTAL REVENUE

85%

15%



Retailing

RM3.445 billion

FY2019: RM3.832 billion



Property
Management
Services

RM606.6 million

FY2019: RM706.6 million

Dear Shareholders,

OVERVIEW OF BUSINESS AND OPERATIONS

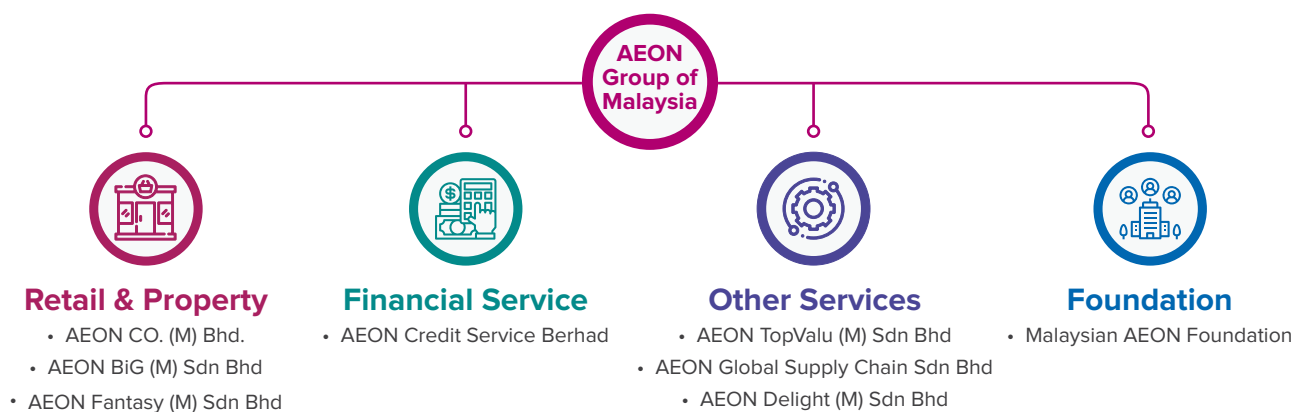
Introduction

Incorporated on 15 September 1984, AEON CO. (M) BHD. ("AEON" or the "Company") is a leading retailer in Malaysia and is regarded as one of the country's top Departmental Store for ease of Malaysian contextualisation, supermarkets and mall retail brands.

AEON is one of Malaysia's largest mall operators with a total net lettable area ("NLA") of 1.6 million square metres.

Since its inception, AEON has progressively grown to become a household retail name with affordably priced, quality retail products and services as well as food and beverage.

AEON is part of AEON Group of Companies and it is 51.68% owned by Japan incorporated holding company, AEON Co., Ltd. The AEON Group of Companies is an integrated Japanese retailer with over 300 consolidated subsidiaries and affiliated companies. It has an active and growing presence across Japan, South East Asia and China.



MANAGEMENT DISCUSSION
AND ANALYSIS

Business Model And Operations

The Company's principal business operations comprise the following:

Operation of a retail chain of departmental stores, supermarkets and pharmacies, which sell a broad range of merchandise from clothing, food, household products, pharmaceutical products and other merchandise.

In addition to these, AEON also operates MaxValu standalone supermarkets and health and beauty stores. AEON is also the franchisee for Daiso flat price shops. The MaxValu Prime or AEON neighbourhood supermarkets, on an average scale range of 1,500 to 3,100 square metres each, provides convenient shopping for residents in the vicinity of where the outlet is located.

The business model involves operations of an anchor departmental store cum supermarket that is complemented by shopping mall operations and the aforementioned specialty businesses i.e. pharmacies, flat price shops and others. In some instances, the Company operates standalone neighbourhood supermarkets and also departmental stores cum supermarkets as an anchor tenant in third party malls.

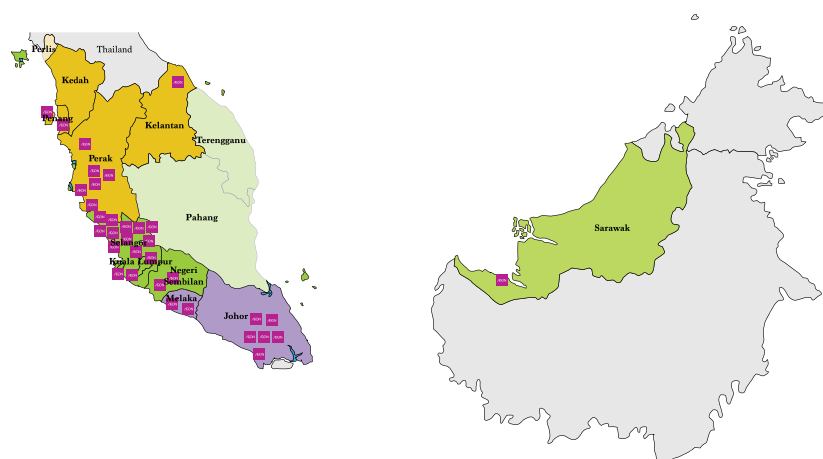


Following is AEON's store composition as at 31 December 2020:

AEON's 5 years mall trend as at 31 December

Year	2016	2017	2018	2019	2020
Existing malls (beginning of the year)	24	26	26	27	28
Opened during the year	2	1	1	1	-
Closed during the year	-	(1)	-	-	-
Number of malls as at year end	26	26	27	28	28
- Number of malls fully owned (including land)	14	14	14	14	14
- Number of malls fully leased (including land)	9	9	10	10	10
- Number of malls only land is leased (but building is owned)	3	3	3	4	4

Location of Operations



In essence, AEON serves as a one-stop retail destination for urban and suburban households to meet their daily living needs. Beyond AEON's own merchandise, its stores and malls also provide retail space for other retail brands to provide a wide range of goods, services and entertainment, thus delivering a complete lifestyle value proposition for shoppers.

AEON aims to provide an overall engaging shopping experience amidst a convenient and conducive shopping environment, supported by a variety of tenants, good facilities and services.

The Company also provides property management services for its malls. Under its Property Management Services business model, AEON leases its mall space to other retail brands and generates monthly rentals. It also undertakes facility management and related services. The Company's Property Management Services segment also derives revenues from temporary rental of space for events, seasonal promotions, revenues from car parks within its property assets and more.

PURPOSE AND PHILOSOPHIES

AEON's principles for its business operations and organisational culture is centred on delivering sustainability to its stakeholders by focusing on three business purpose of 3Ps - People, Planet and Peace.

In realising this aspiration, AEON is further guided by six SDGs that empower AEON to create both financial and non-financial values, which are realised through three business philosophies of demand chain business, sniping and personalisation, and transparency in stakeholder communications.

In the spirit of the name AEON, which means eternity in Latin, the goal is to work together endlessly with customers, suppliers, business partners, shareholders and the community to create a future of limitless promises. All this is encapsulated in our business approaches of "Agile, Genba and Entrepreneurial".

For further information, please refer to the Sustainability Statement section of this annual report.

OPERATIONAL REVIEW

FY2020 had begun on a positive note for Malaysia with the first two months of the year recording positive gross domestic product ("GDP") growth. However, the unprecedented, global COVID-19 pandemic begun to effect the country, culminating with the implementation of the Movement Control Order ("MCO") on 18 March 2020.

The country's GDP growth contracted by 5.6%. The retail sector contracted by a significant 15.8%, much higher than the initially anticipated 9.3%. The

cumulative effects of the MCO, loss of jobs and incomes and the heightened fear among consumers to patronise public places, especially shopping malls and supermarkets, had impacted retail sales.

However, FY2020, despite its many adversities also provided various catalytic effects that accelerated the development of many positive industry trends. This included a significant shift in retail consumption patterns as consumers increasingly adopted digital mediums for their retail needs.

Retailers, in keeping up with consumers, have also moved into the digital marketplace. This includes small and medium sized retail businesses, looking to establish an online brand presence and to remain relevant amidst a dynamic and fast-changing landscape.

The rapidly evolving scenario presented AEON with new and exciting opportunities for business growth. Tapping on technology, AEON has responded with speed and agility to launch its New Retail Model, which comprises a complete end-to-end customer journey that includes both offline and online shopping.

In addition, AEON has capitalised on the operating scenario in FY2020 to seek opportunities to rationalise its organisational structure and yield cost and operational efficiencies. The new normal of FY2020 presented an impetus for the Company to better understand customer demand, to target the right customer segments and develop more incisive customer insights towards better understanding consumption patterns and consumer behaviour.

Beyond commercial motivation, our strategic response was also driven by an innate desire to help consumers during a most difficult period for many, and to close the gaps within the present retail model.

In essence, the pandemic period has accelerated AEON's various strategic initiatives to improve cost efficiencies, optimise operational productivity and to grow its consumer reach via digitalisation and technology.

The various efforts taken have enabled the emergence of a more competitive, agile, robust and more consumer attuned AEON. The improvements made in FY2020 will place the Group on a stronger stead, which will ultimately translate into sustainable business and operational performance going forward.

Segmental Revenue And Earnings Analysis

	Retailing		Property Management Services		Total	
	FY2020 (RM'000)	FY2019 (RM'000)	FY2020 (RM'000)	FY2019 (RM'000)	FY2020 (RM'000)	FY2019 (RM'000)
Revenue	3,444,661	3,832,247	606,641	706,637	4,051,302	4,538,884
Segmental Profit	77,863	114,616	229,620	268,799	307,483	383,415

MANAGEMENT DISCUSSION AND ANALYSIS



Revenue

For financial year ended 31 December 2020 ("FY2020"), AEON posted revenue of RM4.051 billion, 10.8% lower compared to the previous financial year's RM4.539 billion. Company topline performance was lower, attributed to reduced income particularly from the retail business segment, which saw turnover decline by 10.1% year-on-year to stand at RM3.445 billion for FY2020 (FY2019: RM3.832 billion).

The drop in retail revenues were attributed to the COVID-19 pandemic, which its disruptive effects on the global and local economy had ultimately trickled down to impact consumer spending power.

In FY2020, sales for hardline and softline products were lower by 20.8% and 37.4% respectively. Declining revenues for the retail business segment were partially offset by a slight increase of 4.1% in revenues generated from AEON's foodline.

As mentioned earlier, consumers' ability and appetite for goods and services were inhibited by decreasing incomes and a general fear or concern of patronising shopping malls and retail centres, as well as a general apprehension of future prospects.

Many consumers chose to defer large-ticket purchases given the economic scenario in FY2020. In particular, sales of household and furnishing items were deferred or cancelled.

The above mentioned as well as other factors cumulatively led to decreased retail spending across the entire industry, with almost all retail players experiencing a decline in topline performance.

Revenues and earnings were also impacted by the restrictions on departmental store and specialty stores, which were not allowed to operate for almost two months during the MCO period beginning from mid-March to early May.

Though the MCO was replaced with the less stringent Conditional Movement Control Order ("CMCO") and subsequently Recovery Movement Control Order ("RMCO") in June 2020, retail expenditure remained dampened for the rest of the financial year.

Retail sales improved in the third quarter of the year, only to come again under downward pressure with the reimplementation of CMCO and thereafter, MCO 2.0 in January 2021. This was contrary to the usual strong retail sales performance customarily seen every year due to year-end

festivities that also tie in with year-end sales promotions.

Revenue – Property Management Services

AEON's Property Management Services segment registered revenue of RM606.6 million, 14.2% lower year-on-year (FY2019: RM706.6 million). The revenue decrease was attributed to lower occupancy rates as tenants sought for non-renewal or early termination of tenancy agreements due the aforementioned COVID-19 pandemic.

With less shoppers frequenting malls and supermarkets, rental commission receivable and car park income was lower in FY2020. Income from temporary space rental was also lower due to the lack of retail events and activities held during the financial year.

This was largely due to the implementation of MCO, which prohibited such activities. Though restrictions were eased with the transition to CMCO and consequently RMCO, the lack of consumers patronising malls served to deincestivise retail brands and events companies from holding experiential events and promotions.

Profitability

On the back of lower revenues, AEON posted operating profit of RM259.3 million, 27.7% lower than the preceding financial year's RM358.7 million.

Profit before tax stood at RM101.8 million, 48.3% lower year-on-year (FY2019: RM196.9 million), while profit after tax for FY2020 stood at RM41.4 million (FY2019: 109.3 million).

Impacts to the profitability were partially offset by continued efforts to rebase operating, financial and other costs. These included migration to a

shared service platform to consolidate back-office operations across all AEON Malaysia retail as well as consolidation of trade and non-trade procurement.

In total, operating expenses ("OPEX") decreased in FY2020. The decrease was attributed to AEON's cost agile structure, restructuring of its marketing activities and a decline in business development and operational activities undertaken in FY2020.

Retail Business earnings declined by 32.1% to reach RM77.9 million (before taxation and interest and other expenses). On the back of reduced rental collection, rental commission receivable and car park income, profits for AEON's Property Management Services segment was lower by 14.6%, year-on-year at RM229.6 million.

The Company's past five years performance, financial position and financial indicators are shown on page 09 of this annual report.

BALANCE SHEET

Due to COVID-19, the Company has adopted a wide range of measures to mitigate the effects of the pandemic on business and financial performance.

AEON's balance sheet remains healthy with assets continuing to surpass liabilities. Despite a decrease in liquidity, AEON's cash position remains at sufficient levels, at RM71.4 million to meet working capital requirements. Borrowings continue to be addressed and the Company has no new gearing or debt other than those required to meet working capital requirements.

The aforementioned decrease in liquidity is due to the cumulative effect of an increase in receivables coupled with continued payouts to suppliers and financiers. AEON has continued to meet its financial obligations and

retains a robust financial position to do so going forward.

The increase in receivables from debtors is due to accrual of debts arising from rentals owed by tenants to the Group. In FY2020, among the assistance granted to tenants included deferment of rental payments, which contributed to an increase in receivables.

Where possible, Capital Expenditure ("CAPEX") has been deferred or cancelled and with that, CAPEX for FY2020 decreased by 83.1% to RM46.4 million (FY2019: RM274.2 million). This included deferred investments on new physical stores. Such investments will be reviewed going into FY2021.

CAPEX has been redirected towards refining and enhancing AEON's New Retail Model, into the Company's digitalisation journey and in developing MaxValu stores.

RETAIL SEGMENT

Personalisation And Demand Chain

Management has been at the forefront of driving improvements across AEON. These comprise of both incremental and transformation changes to the business model, value chain and other notable aspects of AEON's operations.

Within the conventional retail space, AEON looked to capture changing consumer demand as more consumers chose to stay at home rather than to patronise retail malls. With this, demand patterns changed and opportunities in new categories emerged.

AEON's Personal Shopper Service was introduced to address the need of our customers for grocery shopping during the MCO. It provided customers with fast, efficient, safe and low-contact shopping. Starting with the elderlies and physically-challenged customers in mind, it was very well received and soon expanded to all categories of shoppers.

In FY2020 demand for frozen and dairy products grew significantly. AEON was agile in adjusting to the changes to tap new opportunities. For example, stores that were largely patronised by Malays were also strong. Management made swift changes to the product assortment across all retail malls and outlets to cater to these changes in consumption pattern and behaviour.

Delivering New Retail Experiences

In FY2020, AEON has embarked on Kaizen Mobile Intelligence ("Ka-MI"), which is the Company's strategic approach to delivering an integrated, end-to-end retail value chain within a single revolutionary ecosystem.



MANAGEMENT DISCUSSION AND ANALYSIS

Ka-MI serves as the enabler towards realising AEON's aforementioned aspirations of connecting the physical retail business (offline assets) with the fast growing marketplace of digital retail (online solutions) as well as connecting back-end supply chains and systems.

Leveraging on artificial intelligence ("AI"), machine learning and other innovative technologies, one of Ka-MI's key objectives is the re-engineering of the existing backend systems within AEON to ensure these are geared towards supporting AEON's new business models.

Through Ka-MI, AEON will bridge the human elements of retail such as consumer behaviour, spending patterns and other intangible factors with the technological aspects of the business such as systems and processes to ensure the Company can effectively target the right consumers with the right the products and at the most opportune moment.

The Company has introduced multiple business models via Ka-MI such as AEON to Customer ("A2C"), AEON to Business ("A2B"), AEON to Partner ("A2P"), AEON to Employee ("A2E") and AEON Care.

In tandem with Ka-MI, AEON initiated various other digital initiatives in FY2020. The strategic tie-up with US-based Boxed to drive AEON's expansion into New Retail Model offerings is the first step of many more planned strategic initiatives towards realising this objective.

The Boxed technology and platform will serve our customers and provide technological solutions for AEON's New Retail Model. Among the many capabilities of the platform, we will be able to host AEON's virtual mall to enable closer business partnering

relationships with tenants as part of the business ecosystem and ultimately, strengthen AEON's digital retail reach, capabilities and offerings to entice customers.

AEON's ultimate goal is to create a one-stop, seamless customer experience by tapping on our inherent strengths and infrastructure, and leveraging on the digital capabilities of Boxed and Ka-Mi.

In the future, all AEON services and offerings will be integrated with machine learning capabilities to predict consumer buying behaviour, recommend product selections, feed specific promotions and campaigns and customise the retail experience based on personal preferences and patterns.

This strengthens AEON's value proposition as it can offer a complete offline to online retail ecosystem comprising products, sales channels, supply chain and logistics, as well as payment gateway options and finance and communication.

Digital Highlights And Initiatives

In FY2020, AEON launched AEON Marketplace, AEON Virtual Mall, AEON Fresh and AEON SG Cross Border and the MyAEON super app to cater to evolving consumer habits and to also provide enhanced customer service. The digital platforms effectively enable

a safer shopping experience, greater brand outreach, increased market expansion and facilitates job creation.

In essence, the aforementioned digital initiatives as well as others were rolled-out in tandem with the increased trend among consumers to transition from offline to online shopping platforms. These online platforms were created to tap the growing number of tech-savvy consumers, as well consumers who prefer digital, contactless shopping over physical shopping.

All digital platforms, while serving specific strategic purposes, are ultimately designed with the following end goal in mind: to offer customers seamless convenience and assurance of safety when purchasing from the comfort of their homes.

The use of these platforms also supports an enhanced shopping convenience as when combined with AEON's delivery services, enables consumers to meet their consumption needs for a wide range of products from the convenience of their homes or any other location, anytime. They need not be hassled with travelling, parking and other concerns as goods are ordered online and delivered to their doorstep.

All the online shopping channels are supported by enhanced services such as AEON Rider and AEON Personal Shopper. The apps also allow for



products to be selected from the nearest AEON outlet to the customers' premises to ensure faster delivery. In encouraging the use of these apps, various, exclusive in-app promotions were developed. These offers were not applicable for in-store purchases.

One of the highlights in FY2020 was the soft launch of the MyAEON super app. The super app acts as the centralised platform that interconnects several different platforms together such as MyAEON Employees, MyAEON Tenant Portal, MyAEON Suppliers and others.

Beyond facilitating online purchases, the super app comes replete with an e-shopping list, parking locator, e-recipe book, an online marketplace, mall locations and a tenant directory.

Under the MyAEON super app, tenants were provided complimentary marketing and promotional space to showcase their products and services. In essence, in supporting tenants, AEON provided ample access to various brands to reach consumers via the super app.

Going further, in FY2020, AEON launched its virtual mall platform accessible via <https://myaeon.com.my/>. The Virtual Mall is anchored by the AEON brand and is complemented by various local and international brands/



tenants. The Mall provides consumers with a wide range of choices in retail products and services, which are all just a click away and easily available via the MyAEON super app.

The super app connects AEON to customers and vice versa, and also enables a wide range of retailers including local small medium enterprises ("SMEs") to gain access to consumers.

As such, the Virtual Mall supports suppliers, tenants and other business partners who typically may not have the digital infrastructure or capabilities to reach prospective consumers. Importantly, the mall helped to drive sales for AEON and its ecosystem or tenants and retailers. It provided

opportunities for suppliers and tenants to convert their inventory into cash and support sales and cashflow.

The Company also launched the AEON 626 Campaign at myaeon.com.my. Through this campaign, consumers have access to a large range of essential products, beauty, fashion, home decor, healthcare, footwear, electrical and digital items. The 626 platform houses all AEON retail brands, including Departmental Store, MaxValu Prime, Daiso, Wellness, and AEON BiG. The platform also houses AEON partners comprising AEON's ecosystem of tenants and suppliers.

AEON is looking into the foodcourt business model and with that, they have launched a pilot digital foodcourt at AEON BiG Wangsa Maju. The foodcourt revolves around a novelty concept where orders and payment transactions are fully digital enabled. This shortens queueing time and minimises physical contact towards ensuring improved social distancing. The concept has been a success and will be rolled out subsequently to more AEON stores going forward.

With the imposition of border closures, especially between Malaysia and Singapore, a new approach was



MANAGEMENT DISCUSSION AND ANALYSIS

necessary to bring our brand and products to consumers across the Causeway. Hence, the launch of AEON Cross Border Online.

Singapore customers accustomed to shopping at AEON malls and outlets in Johor only need to log on to <https://myaeon-sg.com/application> to browse and shop for items they desire. The platform is supported with a complete logistics and fulfilment process, which ensures purchases are shipped and delivered on time and in optimum condition to consumers.



PROPERTY MANAGEMENT SERVICES

Tenants/Businesses within AEON's ecosystem experienced difficulties with most experiencing a minimum 20% drop in revenues and some as high as 50%. Tenants were also facing a cash flow crunch which further exacerbated the situation.

In response, AEON implemented various measures to ensure the majority of its affected tenants could continue to operate. This enabled AEON to arrest declining occupancy rates across all AEON properties.

Among these measures included rental waivers and discounts, flexible payment schemes and other forms of financial and non-financial assistance. Assistance was provided on a case-by-case basis in accordance to criteria as determined by Management.

The Company has chosen to adopt a longer-term perspective – to adopt a more sustainable and strategic approach based on the proven track record of its many tenants who have been excellent paymasters and attractive customer brands that have been effective in driving footfall at AEON's malls.

However, beyond just providing financial assistance, AEON has extended its online platforms to tenants; enabling them to participate in AEON's virtual mall.



Essentially, the virtual mall enables suppliers, tenants and other business partners who are not equipped with the right digital capacity and capability to be part of the AEON Ecosystem.

Additional support was provided in the form of assisting tenants to improve operational efficiency via back-office support to expand their marketing reach and brand visibility and essentially to improve tenants' business models to be more sustainable.

In adopting these measures, AEON was able to retain many long-term tenants. In FY2020, the Company achieved an average occupancy rate of 83.8% (FY2019: 85.7%)*.

Other Highlights And Initiatives

Our adopted SDGs align financial and business performance to a triple bottom-line line approach to enhance value creation. It strengthens linkages between financial aspects of our operations with the aspirations of our stakeholders. It closes the gaps between business perspectives with the dynamics of our target market and the external operating environment.

* Annual Report FY2019 reported the occupancy rate of 90.7% based on the number of lots. In 2020, the Company changed the indicator to be based on occupied Nett Lettable Area (NLA).

The SDGs coupled with our business philosophies guide our key strategic pillars towards enabling a more integrated approach where environmental, social and governance (“ESG”) matters are given due recognition and oversight as with time, ESG matters continue to increase in terms of potential and actual impact to business and financial performance.

Driven by this philosophy, AEON in collaboration with several government agencies embarked on AEON Prihatin, a programme which provided opportunities to approximately 200 SMEs to operate at AEON malls to generate income.

AEON Prihatin is in line with the with the Government’s PENJANA (Pelan Jana Semula Ekonomi Negara) initiative. Seven AEON malls participated during the campaign period which ran from 27 June to 30 September 2020. These malls were AEON Mall Shah Alam, AEON Mall Nilai, AEON Mall Seremban 2, AEON Alpha Angle Shopping Centre, AEON Mall Rawang, AEON Mall Kota Bharu and AEON Taman Maluri Shopping Centre.

The campaign saw AEON providing floor space at the seven aforementioned malls for SMEs to open booths or stalls. The campaign garnered RM2.4 million in sales, despite its limited period.

Similarly, AEON collaborated with MARA to launch the MARA Entrepreneur Kiosk (*Warisan Hadirah*). This was a single store initiative undertaken at the AEON Bandaraya Melaka Store. The initiative provided local SMEs with opportunities to explore new business opportunities.

AEON’s highlight in supporting local brands and SME would be its

collaboration in local movie production, Mak Cun. The telemovie was aired on local, terrestrial TV channel, TV3. The programme was developed to showcase Malaysian made brands and products.

“Kempen Beli Barangan Malaysia” in collaboration with Ministry of Domestic Trade and Consumer Affairs with the objective to penetrate local products into the mainstream retail sector was introduced in July 2020 and it is still ongoing at all AEON outlets nationwide.

AWARDS AND ACCOLADES

In FY2020, AEON was awarded the Global Halal Excellence Awards 2020 for its continued efforts in providing Halal ready-to-eat food for customers and for complying with MS1500:2009.



Minister in the Prime Minister’s Department Datuk Seri Redzuan Yusof presenting the Global Halal Award to AEON Managing Director/Chief Executive Officer, Encik Shafie Shamsuddin.



AEON Managing Director/Chief Executive Officer, Encik Shafie Shamsuddin with the World Branding Awards trophy.

Being the recipient of this prestigious award further attests to AEON’s reputation as a credible company, who continues to provide consumers with the highest quality products.

Despite the many challenges faced in FY2020, AEON has continued to uphold its commitment to maintain benchmark standards as per regulatory requirements, especially for food quality and safety.

The Company is also honoured to have been acknowledged by the Inland Revenue Board (“IRB”) as one of best taxpayers in FY2020. This is the second consecutive year that AEON has been selected. AEON is proud to be playing our role in contributing to the development of the nation through its tax contributions.

Recently, AEON was selected to receive the World Branding Award in the Retailer-Departmental Stores category. The World Branding Awards are organised by the World Branding Forum, a global non-profit organisation dedicated to advancing branding standards.

MANAGEMENT DISCUSSION AND ANALYSIS

AEON was chosen from among 400 retail brands from 45 countries worldwide, a clear recognition of the Company's strong credibility as a trusted customer brand of choice. AEON was the only Malaysian brand to be selected in the Retailer-Departmental Stores category.



AEON being honoured as one of the country's Top Taxpayers in 2020 by the IRB.

COVID-19 PREVENTION MEASURES

The Management has been steadfast in developing and implementing government mandated SOPs to ensure a safe operating environment, across all AEON assets. The Company recognises its employees notably for having played a pivotal part through their strict discipline and adherence to SOP, which have enabled a high level of compliance.

Among measures implemented included physical distancing, employees rotation on a Team A and Team B basis, work-from-home arrangements for all employees with the exception of retail frontliners, frequent screening and testing of employees and regular disinfection and sanitisation exercises.

Face masks were provided to all employees as well as consumers across our malls, stores and outlets. Sanitisers were also made readily available.

While COVID-19 related costs did contribute to OPEX, Management remains steadfast in ensuring a safe retail and work environment for consumers and employees as well as other stakeholders. AEON will continue to adopt a safety-first approach well into FY2021 to provide employees and patrons with the required assurance so they may feel comfortable and confident in shopping with AEON.

Company's Business Continuity Plan ("BCP") and the Risk Register has been updated with the possibility of pandemics as a risk factor going forward.



OUTLOOK AND PROSPECTS

Despite the continued effects of the COVID-19 pandemic on the global and domestic economy, AEON maintains a positive outlook on growth prospects for the nation's economy, the domestic retail sector and AEON.

The introduction of vaccines, the various government stimulus measures and other facilitating factors have restored a measure of confidence to both consumer and investor sentiments.

Economic growth in FY2021 is expected to revert to a positive trajectory, with early estimates indicating gross domestic product ("GDP") growth of 5.6% being a possibility. Consistent with a pick-up in economic performance, the retail sector is also expected to see improvement with conservative estimations of 4.1% growth for the full year.

Retail sector growth will be driven by expansion in consumption demand, underpinned by increased consumer confidence to consume a wide range of products and services. FY2021, notably in the second half of the year may see a strong momentum as consumers transform pent-up demand into actual propensity to transact.

Online shopping has seen increased consumer adoption in FY2020 across all consumer demographic groups. This trend is expected to gain further momentum in FY2021. This will necessitate that retailers also dovetail with consumers' changing consumption patterns.

The Government's various initiatives to stimulate the economy should deliver a strong multiplier effect. In addition, further efforts to revive retail expenditure is required. This includes supporting job creation, which will restore disposable incomes that will ultimately translate into higher consumer consumption.

Strategic Priorities And Future Orientation

In essence, AEON will continue to grow its New Retail ecosystem and navigate the various challenges faced by focussing on its five Key Strategic Pillars.

The Pillars enable AEON to transition successfully from its present business model towards a new Retail Model that is demand based and more attuned to present market dynamics and customer consumption patterns and behaviours.

In enhancing Engine 1.0, the focus would be on improving experiential offerings in malls and to expand our assortment. While the Company is indeed developing its digital presence and capabilities, it will continue to focus on its brick and mortar operations. Capital expenditure in FY2021 will be centred on building the Company's digital infrastructure as well as improving its malls and in-mall experiences for customers.

One of the key changes would be for AEON's mall operations to be more demand driven in meeting customers' changing preferences. In particular, the Company will look to increase its assortment and inventory of frozen, snacking and local products.

People remains a pivotal factor in AEON's future growth plans. Empowering the workforce to be digitally savvy and financially astute is essential in enabling employees to thrive amidst an evolving era where technology is becoming more ingrained within work processes and daily operations. Training will be supported by other aspects such as variable incentive pay to reward and

MANAGEMENT DISCUSSION AND ANALYSIS



motivate employees to deliver high-performance and to achieve Objective Key Results (“OKRs”).

The Board and Management remain passionate about continuing to cultivate a conducive organisational culture and work environment, especially for the younger generation of today, who shall be AEON’s leaders of tomorrow.

Technology, digitalisation and innovation will be gamechangers for AEON going forward. Engine 2.0 entails greater expansion into the high-potential e-commerce industry, and the further development of AEON’s digital marketplace. In addition, through its digitalisation journey, the Company will further explore how to create more opportunities for the gig economy, which is a fast-growing segment in today’s economic landscape.

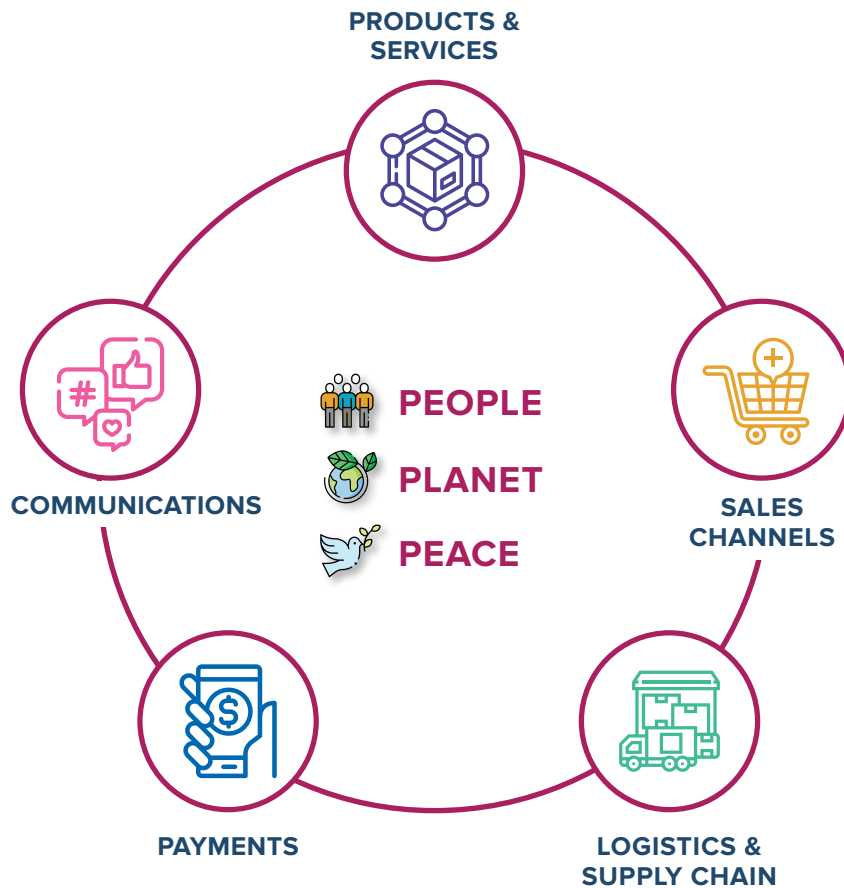
In supporting our technological ambitions, AEON will be more data

driven, where strategic decisions are made based on real-time information enabled through Big Data Analytics (“BDA”). BDA enables cost efficiencies and a more strategic approach in driving decision making. It will also support faster and more effective changes in product categories and assortment towards better meeting customer demand.

The advantages that digitalisation of the business model provides is not limited to customers, but will also include AEON’s supply chain, thus ensuring vendors, suppliers and tenants are included within the ecosystem. AEON shall adopt an inclusive approach as this is essential in ensuring that all stakeholders within AEON ecosystem are able to grow and progress together with the Company. The goal is for our ecosystem of partners to also derive the benefits of technology and to modernise their operations to remain relevant and competitive, which in turn yields greater value to AEON.

The impact of COVID-19, though severe, is with all likelihood to be a temporary blip to the global and domestic economy as well as consumer consumption patterns. With an effective vaccination programme at the fore of the government’s efforts to permanently resolve the pandemic issue, it is likely that going forward, consumer confidence will be significantly restored and with that, a dual consumption pattern comprising both conventional and online spending will emerge.

AEON continues to ready itself for this scenario, while implementing its strategies to remain relevant and robust during the pandemic period. On the back of hard-won efficiencies, improved productivity and new offerings based on digitalisation and innovation, the Board and Management are optimistic of an improved business and financial performance in FY2021.



DIVIDEND

On 24 June 2020, an ordinary dividend of 4.00 sen per share amounting to RM56.2 million was approved by the Company's shareholders at the 35th Annual General Meeting and was duly paid out to shareholders on 30 July 2020.

Having taken into consideration the Company's financial performance, expected operating conditions for FY2021 and the Company's capital requirements going forward, the Board has recommended an ordinary dividend of 1.50 sen per share in respect of FY2020, subject to shareholders' approval at the forthcoming AGM to be held on 23 June 2021.

Total net dividend payable amounts to RM21.1 million.

AEON remains committed to its objective of creating value for all stakeholders as per its business purpose of People, Planet and Peace. We will continue to drive forward with the goal of creating shared prosperity and to reward our loyal shareholders, over the short, medium and long-term horizons. In doing so, Management strives to deliver both financial and non-financial value creation that will sustain AEON well into the future.

Thank you.

Shafie bin Shamsuddin

Managing Director/Chief Executive Officer

Dividend table	2016	2017	2018	2019	2020
Net dividend (RM'000)	42,120	56,160	56,160	56,160	21,060
Net dividend per share (sen)	3.00	4.00	4.00	4.00	1.50
Payout ratio (%)	*46.3%	53.5%	53.4%	51.4%	50.8%

Note:

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

EVENT HIGHLIGHTS

JANUARY

AN EVENING OF APPRECIATION WITH MR SHINOBU WASHIZAWA

16 January 2020 – A high-tea event was organised at AEON Taman Maluri's Shinobu Garden to bid a fond farewell to Mr Shinobu Washizawa and to convey the Company's appreciation for his 40 years of service with the AEON Group of Companies.



AEON MESRA CHINESE NEW YEAR 2020

17 January 2020 – AEON through the Malaysian AEON Foundation hosted underprivileged children in conjunction with Chinese New Year celebration. RM93,149 was donated during this event with each child given the opportunity to shop for clothes and gifts at AEON and AEON BiG stores.



FEBRUARY

AEON CLEAN AND GREEN

19 February 2020 – Under ‘Clean and Green Campaign’, volunteers from AEON Bandar Utama led 105 students Pelajar Pendidikan Khas Integrasi from Sekolah Kebangsaan Taman Tun Dr Ismail 2 to plant 500 herbal plants. AEON’s volunteers also repaired several facilities in the school.



APRIL

COVID-19 OPS RELIEF

7 April 2020 – The “We Care, We Share” initiative was organised in appreciation of healthcare frontliners for their tireless efforts in combatting COVID-19. The total donation sum came to RM167,708, comprising 2,000 homeware boxes of dry food and essential items (i.e. sanitisers, toothpastes and shower creams), 300 foldable chairs and 7,800 dinner packs, which were provided to Hospital Kuala Lumpur.



EVENT HIGHLIGHTS

MAY

AEON MESRA RAMADAN 2020

23 May 2020 – In conjunction with the holy month of Ramadan and Hari Raya Aidilfitri, AEON Group employees (AEON Co., AEON BIG and AEON Credit Service) collaborated with various NGOs to donate RM300 each to 728 single parents and deserving families nationwide.



JUNE

AEON 626 INTRODUCTION

18 June 2020 – AEON's first digital Offline to Online shopping platform ('O2O') was launched by Minister of Domestic Trade and Consumer Affairs, YB Datuk Alexander Nanta Linggi.

O2O, as a virtual mall, houses all brands across AEON Retail as well as brands from the AEON's tenants and suppliers.



AEON 35TH ANNUAL GENERAL MEETING

24 June 2020 – The 35th Annual General Meeting was conducted virtually via Zoom application for the first time. The Board of Directors maintained an effective communication with the shareholders despite the pandemic.



PROGRAMME PRIHATIN AEON BERSAMA PKS

June to September 2020 – In line with Government's PENJANA (Pelan Jana Semula Ekonomi Negara), AEON provided physical, in-store space and supporting structures to enable Small Medium Enterprises ("SMEs") to sell their products at seven participating AEON Malls.

AUGUST



BERKAT RAMADAN - AEON BERSAMAMU

6 August 2020 – “Berkat Ramadan - AEON Bersamamu” campaign saw RM1.4 million collected which was used to purchase 300 motorcycles. Through this programme, some of those who lost their jobs due to COVID-19 were recruited as AEON Delivery Riders.



SAMBUTAN HARI KONSERVASI HARIMAU DAN GAJAH PERINGKAT KEBANGSAAN 2020

8 August 2020 – In conjunction with Global Tiger Day and World Elephant Day, AEON handed over RM97,285.50 in proceeds from the sale of 24,945 “Love our Forests, Save our Malaysian Tigers” reusable bags to the Ministry of Energy and Natural Resources.



AEON BERKAT KORBAN 2020

10 August 2020 – In conjunction with Hari Raya Aidiladha, in compliance to strict COVID-19 SOPs, AEON donated seven cows for meat, which was distributed to fifteen children charity homes in the Klang Valley. The process was done by enabling orders through the web and in collaboration with NGOs.



EVENT HIGHLIGHTS

AUGUST



KITA MERDEKA TELEMOTIE

10 August to 16 September 2020 – In conjunction with Malaysia's 63rd National Day celebration, AEON collaborated with creative partners to produce a telemovie titled "Kita Merdeka". It was done in appreciation and recognition of the frontliners (employees and suppliers) who have greatly sacrificed their time and efforts, and remained resilient in dealing with the challenges amidst the COVID-19 outbreak. "Kita Merdeka" telemovie was aired via TV3, RTM and Astro RIA, and garnered viewership of more than RM1.6 million nationwide.

SEPTEMBER



MAK CUN ANJUNG ORANG KITA

1 September to 31 December 2020 – The collaboration saw Mak Cun Jutawan Sdn Bhd act as an anchor supplier which gathered other SMEs to market their products at AEON and AEON BiG stores. A telemovie of this initiative titled Mak Cun Anjung Orang Kita was also produced and was aired via TV3 on 25 October 2020 reaching 1.6 million viewership.



AEON HOME GROUND RE-OPENING

3 September 2020 – The newly-renovated AEON Home Ground located on the third floor of AEON STYLE in Taman Maluri, Kuala Lumpur was officially opened and was well received by the employees. The refreshing ambience of the Home Ground is dedicated to collaboration, creativity and agility.



SEPTEMBER



OPENING OF SHOP LOT BY MUDA AGRICULTURAL DEVELOPMENT AUTHORITY (MADA)

11 September 2020 to 31 January 2021 – As part of our collaboration with Government Agencies to help SMEs generate income during the MCO and CMCO period, AEON offered a tenant lot at the Ground Floor of AEON Mall Shah Alam to Muda Agricultural Development Authority (MADA) to sell and create awareness of SME products from Kedah and Perlis.



KARNIVAL BUMI KENYALANG DAN KEMPEN BELI BARANGAN BUATAN MALAYSIA

14 to 30 September 2020 – In collaboration with the Ministry of Domestic Trade and Consumer Affairs (MDTCA) and Ministry of Industry, Industry Terminal and Entrepreneur Development Sarawak (MINTRED), AEON held a two-week sales campaign at AEON Mall Nilai to highlight products and services from Sarawak entrepreneurs.



AEON 36TH ANNIVERSARY CELEBRATION

24 September to 15 November 2020 – In conjunction with AEON's 36th anniversary in Malaysia, "AEON Di Hatiku" campaign was organised to express our gratitude to all employees and other stakeholders who have worked tirelessly in serving the community amidst the pandemic.



EVENT HIGHLIGHTS

OCTOBER



LAUNCHING OF AEON'S FIRST DIGITAL FOOD HALL

12 October 2020 – In advancing its digitalisation aspiration, AEON launched its first digital food hall at the re-opening of the MidTown Food Hall at AEON BiG Wangsa Maju. The digitalised method of ordering and purchasing using QR code reduces queueing time and minimises physical interaction. The event also highlighted that more local products are being served at the new food hall and will also be rolled out to other AEON outlets.

NOVEMBER



FLOOD RELIEF OPERATIONS 2020 (SEREMBAN AND HULU LANGAT)

8 and 15 November 2020 – AEON distributed goods and essential daily items worth RM16,813 to 265 families affected by the floods at Kampung Batu 3 (Seremban, Negeri Sembilan) and Kampung Sungai Serai (Hulu Langat, Selangor).



AEON MESRA DEEPAVALI 2020

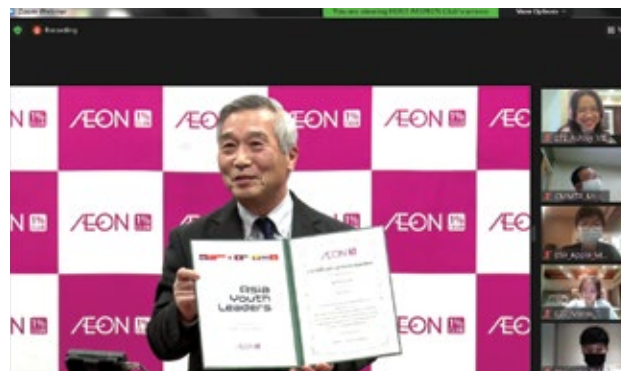
18 November 2020 – AEON donated over RM128,700 to 429 single parents and deserving families nationwide, with each family receiving RM300 in their AEON Member Plus Card to help ease their burdens in celebrating the Festival of Lights.



DECEMBER

OPENING MARA ENTREPRENEUR KIOSK (WARISAN HADIRAH)

Ongoing since 15 December 2020 – AEON collaborated with Majlis Amanah Rakyat (MARA) to expose and familiarise Warisan Hadirah, SME entrepreneurs under MARA, to new business opportunities and orientations by offering a kiosk located in front of AEON Supermarket in AEON Bandaraya Melaka Store to help them expand their business.



AEON MESRA CHRISTMAS 2020

17 December 2020 – the AEON Mesra Christmas event saw 523 underprivileged children from various charity homes having their wish list granted by AEON. A total of RM92,149 worth of gifts from AEON and AEON BiG stores were distributed to the children.



AEON YOUTH LEADERS 2020

17 to 19 December 2020 – Organised by AEON 1% Club Foundation, the AEON Youth Leaders 2020's forum was held online via Zoom. The event saw 72 youth leaders from over nine countries participating, including two from Malaysia with the goal of developing the world's future generation of leaders.







50 - 81 SUSTAINABILITY STATEMENT

50 Sustainability Statement

SUSTAINABILITY STATEMENT

INTRODUCTION

AEON's approach to ensure continuous sustainability is based upon the Economic, Environmental and Social ("EES") areas coexisting with the Company's corporate governance framework, its organisational culture and long-term value to relevant stakeholders.

Serving our stakeholders as a force for good is vital to ensuring the viability of AEON CO. (M) BHD. ("AEON" or "the Company") as a preferred brand name that continues to resonate in the hearts and minds of the many people we serve, including the communities in which we operate in.

AEON's FY2020 sustainability statement provides a detailed narrative as well as specific disclosures on how the company has continued to make progress on its journey of sustainability.

The Company's approach is driven by the United Nations 17 Sustainable Development Goals ("SDGs"), where AEON has adopted six goals which are most relevant to its business operations. These six goals have then been aligned to AEON's key pillars of People, Planet and Peace (3Ps).



PEOPLE



AEON respects human dignity and values personal relationships, caring for the wellbeing of its employees, customers, business partners and communities.



PLANET



AEON is committed to protecting the environment, biodiversity and ecosystems.



PEACE



AEON's business operations are focused on achieving peace through prosperity and the beauty of sharing.



The selected SDGs provide the basis for the promulgation of sustainability within AEON as well as among stakeholders.

These sustainability efforts are driven both by AEON and its charity foundation, the Malaysian AEON Foundation (MAF). AEON is the first retailer in Malaysia with its own charity foundation and since MAF's inception over a decade ago, it has contributed over RM14 million to charitable causes to date.

DRIVERS OF THE MALAYSIAN AEON FOUNDATION (MAF)



DONATION

- Individuals
- Charitable Organisations

FUNDRAISING

- Donation Boxes
- Donation Drives
- Collaboration with Business Partners



SOCIAL EVENTS

- Festive Celebrations
- Charity Events

BRANDING

- Newsletter
- Website
- Social Media



SCOPE AND BOUNDARY

The scope of this statement covers AEON's most pertinent projects, initiatives and activities. These include principal business activities and operations as well as sustainability initiatives and practices and community engagement for the financial year 1 January to 31 December 2020 ("FY2020").

MATERIALITY

Based on its six adopted United Nations SDGs, AEON has identified 16 material EES topics. The process of selecting topics has also included stakeholder validation.

These materiality matters were reprioritised to reflect the existing and expected changes in the business environment in order to maximise stakeholders' confidence and trust.

FRAMEWORKS APPLIED

This Sustainability Statement is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide (Second Edition).

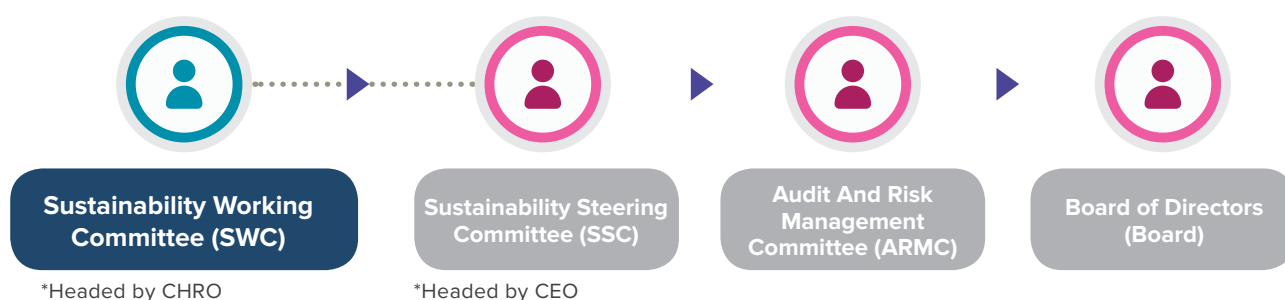
SUSTAINABILITY GOVERNANCE

At AEON, sustainability is driven by a robust, well-defined governance structure. This governance structure is outlined in the Board Charter, with the Board providing oversight of AEON's overall sustainability strategy. The Board is also responsible to ensure adequate measures for systems and processes are in place and this is supported by the Audit and Risk Management Committee ("ARMC").

In FY2020, the Sustainability Steering Committee ("SSC") was established to oversee development of the Company's sustainable strategy and to create stronger leadership and participation from the AEON Leadership Council ("ALC"). Chaired by the Managing Director/Chief Executive Officer ("MD/CEO"), the SSC is supported by the Sustainability Working Committee ("SWC"), whose role is to review, deliberate and implement strategies to drive sustainability throughout the company as well as monitor its progress.

The SWC is headed by the Chief Human Resources Officer ("CHRO") and comprises the division and/or department heads of the relevant Business and Support Divisions, working together to realise the Company's objective of creating long-term value for its stakeholders.

AEON's corporate risk scorecard will be reviewed and revised to include the risks related to sustainability and moving forward it will be incorporated as corporate and departmental Objective Key Results ("OKRs").



SUSTAINABILITY STATEMENT

ETHICS AND INTEGRITY

CODE OF CONDUCT POLICY

At AEON, corporate governance goes beyond the existing standards and regulations to include ethics, trust and values. This strengthens stakeholder confidence and sets the benchmark of conduct for the entire organisation, as contained in AEON's Code of Conduct policy.

Overseeing AEON's corporate ethics and integrity is a working committee which comprises the Chief Governance Officer, Chief Human Resources Officer and Head of Human Resources. A quarterly report is submitted to the Risk Management Committee ("RMC") and the Audit and Risk Management Committee ("ARMC").

AEON's trade and non-trade procurement business units have enforced its "Suppliers Code of Ethics" ("SCOE") on all its business partners, affirming their understanding and acceptance of this code.

ANTI-BRIBERY AND CORRUPTION POLICY ("ABC")

To reinforce AEON's strong commitment to its ABC policy, Board members were briefed and the policy uploaded onto its corporate website, duly shared with all its stores and shopping malls.

A recent update to this policy is a commercial organisation's criminal liability (corporate liability), introduced in Section 17A(1) of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 on Corporate Liability. Following this, on 4 February 2020, the second Corporate Liability Seminar was organised to reiterate the importance of preventative measures to guard against corruption. Facilitated by an accredited consultant, it was attended by 328 employees across various business entities.

Moving forward, AEON plans to explore introducing e-learning training and assessment platforms for its employees, participate in MACC's corporate pledge programme and identify a Company representative to be trained and certified as an Integrity Officer.

There were no reports of any bribery or corruption in FY2020.

WHISTLEBLOWING

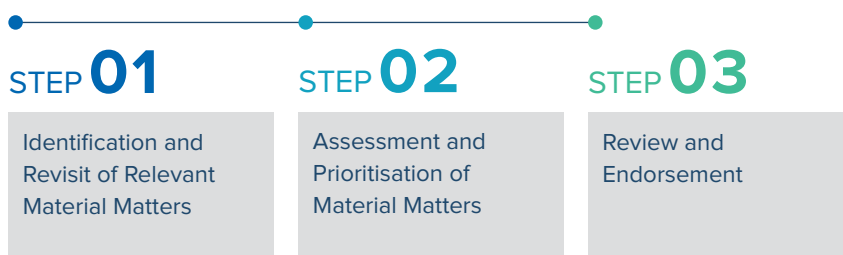
AEON's Whistleblowing Policy outlines a formal mechanism in which any employee may report of actual or suspected bribery or corruption to the Chairman of the Audit and Risk Management Committee for investigation and appropriate action. This Policy protects the identity and information pertaining to the reporting individual as well as against any form of retaliation.

In FY2020, three whistleblowing reports were received. However, none were related to bribery or corruption.

MATERIALITY PROCESS

Each year, the Company conducts a materiality assessment exercise to identify, assess and prioritise issues of relevance to AEON and its related stakeholders. They are put through a rigorous internal process, vetted with current priorities and takes into consideration stakeholder concerns, an essential factor to understanding the expectations and concerns of material matters.

This materiality process and analysis follows an established, structured three-step approach, as below:



STEP 01:

IDENTIFICATION AND REVISIT OF RELEVANT MATERIAL MATTERS

The Company has reviewed its Sustainability Statement for FY2019 and updated its materiality matters for FY2020.

Factors taken into consideration in arriving at its revised materiality matters includes current business environment as well as internal and external changes relevant to AEON's businesses. A total of 16 relevant sustainability materiality matters were mapped out, encapsulated in AEON's 3Ps - People, Planet and Peace.



PEOPLE

- Talent management and development
- Diversity and equality
- Labour practices
- Health, safety and wellbeing
- Customer relationship management
- Customer responsibility



PLANET

- Preserving biodiversity
- Climate change and environmental management



PEACE

- Community contribution, support and engagement
- Future generation awareness and education
- Community education and awareness
- Product safety, quality and services
- Ethics and integrity
- Supply chain management
- Supporting Small and Medium Enterprises ("SMEs")
- Digitalisation



STEP 02:

ASSESSMENT AND PRIORITISATION OF MATERIAL MATTERS

AEON carried out assessments to ascertain stakeholders' perception on the degree of importance of each relevant sustainability matter.





STAKEHOLDER ENGAGEMENT




At AEON, stakeholder engagement is a critical means to understand customer needs, enable key insights to further improve processes, products and service levels, and strengthen relationships with relevant stakeholders for current and future growth.

AEON manages this via formal and informal engagements, building a comprehensive stakeholder mapping of its stakeholder universe and formulating a robust comprehensive engagement plan, as shown 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 • Employees welfare and operation meetings • Employee activities and gatherings • Performance management system • AEON Code of Conduct channel • Whistleblowing channel • Talent pool system and benefits

SUSTAINABILITY STATEMENT

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, Members' Day, Thank You Day Festive celebrations Events and competitions Social media Customer service Service counter Facilities Well stocked and 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 stakeholders Provide support and participation
INVESTORS AND SHAREHOLDERS 	<ul style="list-style-type: none"> Financial and other reports Media releases/media conferences Corporate website Annual General Meeting ("AGM") Bursa announcement Investor Relations Roadshow 	<ul style="list-style-type: none"> Business performance Business directions Prospects and strategies Return of Investment Business continuity Business risks Shares Liquidity 	<ul style="list-style-type: none"> Financial performance results Bursa announcements Media releases/media 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 programmes 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 Media release/media conferences/media interviews Advertisements 	<ul style="list-style-type: none"> Company latest events, business performance and updated news Long-term engagements 	<ul style="list-style-type: none"> Media conference/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/participation in social events

AEON'S 35TH ANNUAL GENERAL MEETING ("AGM")

At the 35th Annual General Meeting ("AGM"), which was the Company's first virtual AGM, the Management shared its key strategies and achievements for 2019 and 2020. The Company also showcased amongst others, a new and innovative business model of Offline to Online ("O2O") to shift AEON to be more agile, resilient and entrepreneurial towards meeting customers' real demand.



AEON Co (M) Bhd has shared that the immediate focus of the group is to ensure its core businesses remain resilient in the face of the Covid-19 pandemic and its after-effects.

"AEON's immediate focus is to ensure its core businesses remain resilient and to weather through these uncertain times via innovative ways to reach its customers," said Iskandar Ibrahim, chairman of AEON, in a statement after AEON's 35th annual general meeting (AGM), which was conducted virtually.



AEON CO (M) BHD has recorded a revenue of RM4.5 billion and profit after tax of RM103.4 million. The revenue contributions came from new Mall and Stores including Specialty Stores, and renovated Stores during the year under review. This can be achieved amid a subdued consumer sentiment with concerns



AEON Malaysia saw 53.1% of 2019 profit, going digital amid Covid-19



SUSTAINABILITY STATEMENT

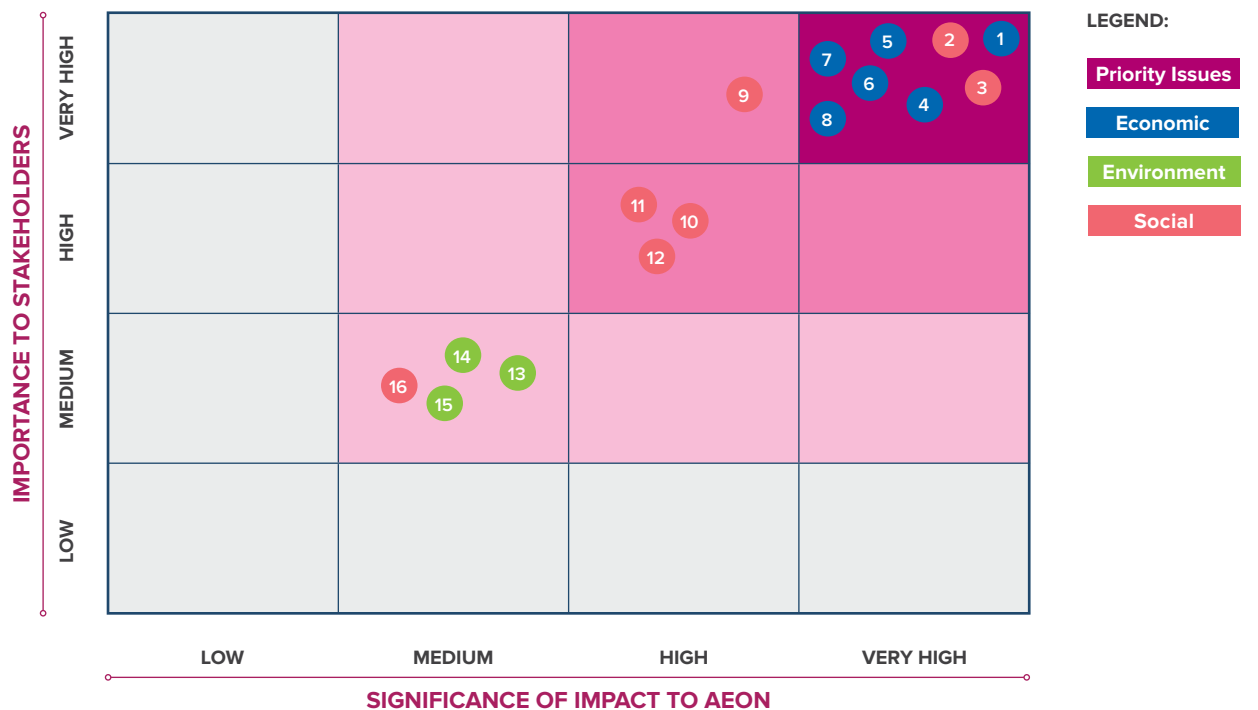
SUSTAINABILITY STATEMENT

MATERIALITY MATRIX

Following valued feedback and insights from stakeholders engagements, AEON has set this against the FY2019 materiality analysis and identified 16 material matters. This is prioritised based on the impact to the Company and its importance to the relevant stakeholders.

In FY2020, four new materiality matters were reprioritised to 'very high impact'. Such areas are Digitalisation and Community Contribution, Support and Engagement as well as Supply Chain Management and Supporting Small and Medium Enterprises ("SMEs").

The updated material matters are shown in the table below:



- 1 Digitalisation
- 2 Health, Safety and Well-Being
- 3 Ethics and Integrity
- 4 Customer Responsibility
- 5 Customer Relationship Management
- 6 Supply Chain Management

- 7 Product Safety, Quality and Services
- 8 Supporting SMEs
- 9 Community Contribution, Support and Engagement
- 10 Labour Practices
- 11 Talent Management and Development

- 12 Diversity and Equality
- 13 Preserving Biodiversity
- 14 Climate Change and Environmental Management
- 15 Future Generation Awareness and Education
- 16 Community Education and Awareness

STEP 03:

REVIEW AND ENDORSEMENT

The SWC reviewed the material sustainability matters based on internal and external stakeholders' feedback, in accordance to their impact on the Company. This final assessment was presented to the Board for validation of the Sustainability Statement 2020.



PROSPERITY

Economic sustainability refers to practices contributing to long-term economic growth without negatively impacting the social, environmental and cultural aspects of the community. AEON seeks to drive economic value creation and share this with its relevant stakeholders of its business ecosystem.

Financial Performance	2020 (RM '000)	2019 (RM '000)	2018 (RM '000)
Revenue	4,051,302	4,538,884	4,353,640
Profit for the year	41,423	109,292	105,123

For further information, please refer to the Chairman's Statement as well as the Management Discussion and Analysis section of this report.

AEON Interview with The Edge on COVID-19

The Edge Financial Daily interviewed Encik Shafie Shamsuddin, Managing Director/Chief Executive Officer, AEON CO. (M) BHD. on the impact of COVID-19, which was published on 9 March 2020. He highlighted that although the economy was slowing due to the outbreak, this also presented an opportunity for the company to reflect on what it could do better. He also indicated the need for the business to explore a demand chain model used by online retailers, as opposed to the supply chain model adopted by conventional retailers.



SUSTAINABILITY STATEMENT



PEOPLE

The slow global economic recovery amidst the ongoing pandemic has necessitated a restructuring and right-sizing exercise at AEON's Head Office. Working towards a back-to-profit centre goal, employees were redeployed to its Operations workforce, aligning with the government's MCO. Interestingly, a new trend of customer shopping emerged, whereby innovative job roles such as the AEON Personal Shopper, AEON Drive Through, AEON Telemarketer and AEON Home Delivery were created to cater to the new norm of customer needs and demand chain.

In addition, to assist its business transformation focus on core activities, supporting roles at Head Office were consolidated into a Shared Service Centre to provide support to the other AEON entities. Such roles include Information Technology Development and Operations, Human Resources, Corporate Services and Corporate Communications, Finance and Accounting, Governance and Property, and Facilities Management.

Generating a monthly income of about RM1.2 million for AEON, this Shared Service Centre supports AEON's value-creation vision to improve the efficiency and effectiveness of its daily operations, working towards achieving a sustainable and productive workforce.

Crucial to ensuring a successful business transformation, AEON has not just focused on technology but also on its people, with the latter being a crucial factor in the development of the Group's overall competencies and capabilities and its ability to remain agile and competitive.

In FY2020, the focus has been on strengthening the Group's top management with the establishment of the AEON Leadership Council ("ALC") and Agile Leadership Team ("ALT") and also the AEON Executive Leadership Mentoring Programme. Under the mentor-mentee programme, ALCs will mentor ALTs, who will in turn mentor Heads of Departments ("HODs") and HODs will mentor High Performers ("HIPOs").

Themed Leaders Developing Leaders, the programme is aimed at developing a sufficient talent pool of leaders across the AEON organisation and at different levels of the organisation towards ensuring a sustainable progression of leaders and an effective succession plan in place to drive the Group's ongoing transformation and growth.

TALENT MANAGEMENT AND DEVELOPMENT

LEARNING AND DEVELOPMENT

Learning and Development continues to be a primary focus of AEON's human capital investment but in view of the dampening global economy and tougher retail competition exacerbated by the unforeseen pandemic, the Company had to defer a number of its existing training programmes in 2020. Nonetheless, trainings deemed crucial and aligned with the current businesses and operational endeavours, such as AEON's Junior Management Programme ("JMP"), still continued.

New programmes with particular focus on digitalisation were introduced, such as AEON's Executive Leadership Mentoring Programme ("ELMP"), designed to develop potential leaders and another, the Neighbourhood Operations Leaders Programme ("NOLP"), a four-month programme for 41 potential neighbourhood stores operation leaders to develop their retail knowledge and skill set to match the Company's core competencies.

The pandemic disrupted AEON's strong previous collaboration, working with interns and fresh graduates from local educational institutions and government agencies. However, the Company still managed to continue its collaboration with the National Youth High Skills Institute ("IKBN") in 2020 with 22 graduates and separately, with another 28 interns.

AEON BUSINESS ACADEMY – AEON SKILLS TRAINING CENTRE

In 2020, AEON Skills Training Centre (“ASTC”) focused on skill development for AEON employees in the food production and perishables divisions. This was in response to stores’ operations needs and increased customer demands for more variety, better quality and fresher bakery and delicatessen products, as well as fresh produce.

Despite the restrictions imposed by the pandemic, ASTC managed to conduct various activities, as below:

- **AEON Bakery School and AEON Delica School Graduates**

AEON Bakery School is proud to recognise apprentices from Batches 4 and 5, having successfully graduated on 17 March 2020 and 31 December 2020 respectively. Similarly, apprentices at AEON Delica School’s Batches 1 and 2 graduated on 1 October 2020 and 22 December 2020 respectively. All graduates have since been absorbed as permanent employees of AEON.

- **AEON Skill Leaders Workshop**

A workshop was organised at Agrotek Garden Resort, Hulu Langat for five groups of leaders from AEON and AEON BiG. The objective of this workshop was to close the gap of soft and hard skills among skill leaders and to establish a talent pool for skills department in line with the needs of AEON’s Foodline division.



FOSTERING HIGH-PERFORMANCE CULTURE

A high-performance culture helps organisations achieve high levels of performance and results consistently over time. AEON views attributes of a high-performance culture as having strong leaders, empowered and engaged employees, continuous learning and employee development as well as openness to change.

Alongside the learnings and development trainings provided to shape this culture, performance reviews and evaluations are conducted to ascertain appropriate merits and rewards are accorded. The reviews and evaluations are conducted on a quarterly and annual basis for its employees. Key Performance Indicators (“KPIs”) are an integral part of assessment tools used, based on the Company’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.

Performance Review Towards Career Enhancement	2020	2019	2018
Employees who are formally appraised (annually)	7,687	7,296	6,072
One-on-one performance review for year-end evaluation	100%	100%	100%

SUSTAINABILITY STATEMENT

DIVERSITY AND EQUALITY

AEON proudly acknowledges diversity as a strength. This is in line with the AEON Basic Principles of respecting and appreciating each individual regardless of their gender, age and background. Having employees of diverse ethnicity and culture, AEON seeks to harness this to further sharpen its business competitive advantage.

The Company offers equal access to opportunities for training and learning and ensures that promotions are accorded fairly and equally based on skills and abilities. All employees are provided a good working environment and tools which enable them to perform their tasks to the fullest of their capabilities.

WORKFORCE DEMOGRAPHICS

Women continue to play an important role in the Company with 58% (5,126 pax) of the Company's total workforce in 2020 being female. This reflects the Company's commitment and passion towards promoting a gender diverse workforce.

As at 31 December 2020, AEON's workforce stands at 8,814 employees.

Workforce Diversity			
	2020 (pax)	2019 (pax)	2018 (pax)
Malay	7,759	9,176	8,339
Chinese	392	412	382
Indian	344	469	414
Other races	319	413	369
Age Distribution			
	2020 (pax)	2019 (pax)	2018 (pax)
≥ 50 years	510	487	478
38 – 49 years	1,851	1,765	1,630
26 – 37 years	4,094	4,290	3,947
≤ 25 years	2,359	3,935	3,447
Workforce By Gender			
	2020 (%)	2019 (%)	2018 (%)
Male	42	42	43
Female	58	58	57

The economic situation was impacted heavily by the unforeseen pandemic. As such, recruitment of contract and temporary employees was increased from 1,884 persons in 2019 to 2,545 persons in 2020.

PERSONS WITH DISABILITIES (“PWDs”) PROGRAMME

AEON’s basic principle of providing equal opportunity for all aligns with the Ministry of Human Resources Malaysia’s call for more companies to hire PWDs. AEON’s commitment to PWD employment remains despite the pandemic. As at 31 December 2020, the Company provides employment to 115 PWDs.

AEON’s efforts were recognised when the Company was selected as a co-recipient of the **Anugerah Majikan Prihatin (Swasta)**, awarded by the Ministry of Women, Family and Community Development, in conjunction with *Hari Orang Kurang Upaya Peringkat Kebangsaan Tahun 2020* national celebrations.

Year	PWDs recruited by AEON	PWDs as a Percentage of total Workforce (%)
2020	115	1.3
2019	135	1.3
2018	113	1.2



LABOUR PRACTICES

AEON is committed to ensuring its compliance with all applicable laws, regulations and other employment standards such as the National Minimum Wage Policy and Minimum Retirement Age employment guideline in Malaysia. Such information is communicated to employees through internal notices, emails and digitally, via its MyAEON app.

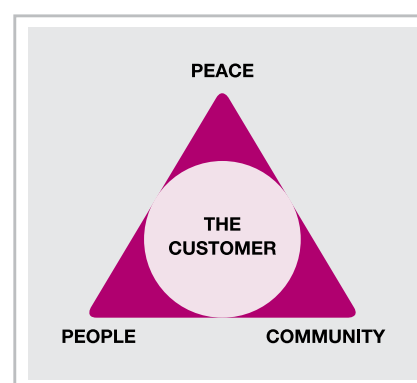
AEON CODE OF CONDUCT (“ACOC”)

The ACOC was established as a means to provide more clarity for the ‘AEON of the future’. It helps interpret AEON’s basic principles to know what actions are needed to be taken for the benefit of AEON’s “customers of the era ahead”.

The ACOC stipulates the expected standards for corporate behaviour, applicable to the Board, Management, employees and related stakeholders. It also provides employees a safe platform for whistleblowing, allowing employees a safe channel to raise concerns in relation to illegal or unethical conduct, sexual or power harassment and other malpractices at the workplace.

In 2020, an annual ACOC questionnaire survey was conducted. With 84% respondents, it showed areas for further improvement such as awareness of the ACOC Hotline, job satisfaction and education opportunities.

ACOC refresher training was also carried out in 2020 for all senior management and employees throughout the organisation. This also provided an opportunity to review survey results and propose improvements.



HEALTH, SAFETY AND WELLBEING

At AEON, utmost priority is placed on employees’ health, safety and wellbeing while adhering strictly with relevant regulations alongside AEON’s own Safety and Health Policy.

SUSTAINABILITY STATEMENT

Performance Review Towards Career Enhancement	2020	2019	2018
Total Fire Safety Training cost (RM'000)	25	160	1735
Total OSH Training cost (RM'000)	-	59	25
Total Fire Safety Training Hours	104	696	512
Total OSH Training Hours	39	152	128
Lost Time Injury (LTI) Rate	0.6	0.2	0.2

Given the SOP restrictions, there were no workplace safety trainings or OSH quarterly meetings to review issues and incidents. Such trainings and safety inspections will resume once SOP restrictions have been lifted.

FIRST AIDERS ON-SITE

Due to the ongoing pandemic and movement restrictions, no first aider trainings were conducted in 2020. Nonetheless, AEON's trained First Aiders remain on-site for added assurance of customers as well as employees.

AEON First Aiders	2020	2019	2018
Stores	72	126	131
Shopping Malls	66	98	85
AEON Food Processing Centre (AFPC)	2	5	6
Headquarters (HQ)	10	8	-
Taman Asuhan Kanak-kanak AEON (TAKA) ASAHI	2	-	-
TOTAL	152	237	223

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

At Board level, AEON's Managing Director/Chief Executive Officer has oversight of the OSH Committee, meeting on a quarterly basis. At an operational level, it is headed by the Store Manager and assisted by the Shopping Mall Manager. Members of this committee include line managers, officers and executives.

In 2020, a Hazard Identification Risk Assessment and Risk Control ("HIRARC") exercise was conducted for AEON's Rider project. Future plans in FY2021 include conducting a complete inspection of all workplaces on a quarterly basis by the respective operational OSH Committee.

FIRE SAFETY AND FIRE DRILL TRAINING

Bomba conducted a training for 71 Emergency Response Team ("ERT") members across four AEON Malls from Taman Maluri, Bandar Puchong, Nilai and Bukit Tinggi. Areas of training included theory of incident management and practical fire equipment and evacuation process.



OSH TRAINING

A training session for AEON's Store Administration Managers as Safety Person in Charge was organised, in which 121 employees and 30 promoters participated.

RASA SAYANG AEON CLUB ("RSAC")

This club, registered with the Registrar of Societies, is unique in that its members consist of existing and previous employees of AEON aged 50 years and above. Members are given various gifts, including a loyalty card and a goodie bag of practical household items. An aerobic exercise session was organised for interested members in February before the MCO was imposed.

CUSTOMER RELATIONSHIP MANAGEMENT ("CRM")

AEON is driven by its basic philosophy of 'Customer First' and its passion to not just meet, but exceed customers' expectations. This is a key factor in today's market place, given the fast-evolving environment and customer requirements.

AEON's single-minded customer service vision is, "Achieving Service Excellence through Customer-Centric People". To achieve this, the Company's customer service infrastructure concentrates on three areas, namely People, Process and Technology, as outlined below:

- PEOPLE** : To deliver excellent service, AEON's employees must adopt a service mindset and be agile, adapting to the new norm
- PROCESS** : To increase efficiency, all work processes need to be simplified and to leverage on digital platforms to maximise effectiveness
- TECHNOLOGY** : Enhance current technology by implementing a consolidated new system and approach under Customer Relationship Management

AEON's Careline is one such avenue, providing a holistic and integrated platform for customers to raise their issues, feedback or suggestions for improvement pertaining to AEON's services and products. Other avenues of communication available for customers include AEON's Careline (1300 80 2366) customer voice form and feedback@aeonretail.com.my.

The table below provides a summary of customer voices over the years:

Category	2020	2019	2018
Enquiries	71,005	64,247	65,926
Complaints	8,975	10,218	9,786
Compliments	8,351	5,930	1,265
Suggestions	701	785	329
TOTAL	89,032	81,180	77,306

The high number of customer voices received are from enquiries as well as positive feedback. This can be attributed to AEON's online marketing initiatives and the effectiveness of AEON's efforts on employee training and coaching.

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

AEON's customer engagement capitalises social media channels as well. AEON Customer Service Department manages AEON's Facebook and Instagram accounts, interacting with existing and potential customers. As at 31 December 2020, 69,911 responses were received. This includes AEON's "Direct Message" function in its Facebook Messenger, facilitating prompt clarification to customer enquiries.

POINT OF SALES ("POS") SYSTEM ENHANCEMENT

AEON's POS system has been strengthened with its digitalised automated service process to alleviate issues such as cashiers' speed and long customer queues. This has led to improved employees' efficiency and ultimately, customer satisfaction.

Another innovative measure was the introduction of the E-Money and E-Wallet payment function application. This "cashless environment" option provided customers a convenient and safer, more secured payment system. This was in addition to its "QR Pay" application services, offering more payment options for customers.

'MYSTERY SHOPPER PROGRAMME'

In addition to direct communications and QR code surveys, AEON also instituted a Mystery Shopper audit to gauge customer satisfaction levels. Conducted across 32 Departmental Store and 28 Wellness shops over a three-month period, it covered key operational components of 'safety and hygiene', 'selling floor readiness', 'facility and ambience' and 'Customer Service'. The three top scoring categories were 'Safety and Precaution (97%)', 'Food Court/Restroom and Baby Room' (86%) and 'Daily and Dairy' (69%).

CUSTOMER RESPONSIBILITY

• Addressing New Normal

Post Movement Control Order in May 2020, AEON's Softline and Hardline selling floors reopened.

In mitigating potential risks, customers (as well as employees and business partners) played their roles by complying and adhering to the Standard Operating Procedures ("SOPs") by cooperating with the requirement of body temperature measurement, usage of hand sanitisers, face masks and recording their movements via the MySejahtera application prior to entering our premises.

In enhancing the new requirement, the Management consistently communicated via various channels outlining strict SOPs and safety measures adopted for stakeholders' well being.





PLANET

PRESERVING BIODIVERSITY

AEON acknowledges that preserving biodiversity is necessary for a sustainable society and reaffirms its commitment to the environment, biodiversity and ecosystems. The Company aims to cultivate a strong sense of environmental awareness especially in the younger generation and promote healthy and interactive green living, giving back to the community it works and lives in.

Its Corporate Social Responsibility (“CSR”) initiatives are guided by 5 strategies, namely:

- i. Preservation of biodiversity
- ii. Efficient use of resources
- iii. Realisation of low carbon society
- iv. Stakeholder engagement
- v. Awareness and education

More information on AEON’s Biodiversity Principle may be found at <https://www.aeon.info/en/sustainability/biodiversity/>

Working within the guidelines of safety and health imposed by the ongoing COVID-19 pandemic, AEON organised the following activities in 2020:

AEON CLEAN AND GREEN PROGRAMME

This altruistic environmental preservation programme had its origins in Japan, commemorating “Green Day”, a Japanese Public holiday. Since its launch in Malaysia in 2018, AEON’s employees have faithfully and diligently continued this tradition.

On 19 February 2020, 10 volunteers from AEON Bandar Utama store joined hands with 105 Special Integration Education Programme students from Sekolah Kebangsaan Taman Tun Dr Ismail 2. It was a fun day of learning for the students, in which a total of 500 herbal plants were planted around their premises.

In addition, AEON donated a trampoline to further motivate physical development in a fun way and improved aesthetics at the school by creating a special pathway on the school grounds and conducting repairs to its facilities.



SUSTAINABILITY STATEMENT

SAVE THE MALAYAN TIGER CAMPAIGN

To increase public awareness on the importance of tiger conservation, AEON lent its support to the Ministry of Energy and Natural Resources' "Save the Malaysian Tiger" campaign, held from August until December 2019. Special edition reusable shopping bags were sold at its stores nationwide, emblazoned with a compelling message, "Love Our Forest, Save Our Malaysian Tiger".

The campaign saw a total of 24,945 bags being sold to the general public, generating sales of approximately RM97,000 for the Malaysian Tiger Reserve Fund. The proceeds were handed over at an event on 8 August 2020 at the Taiping Zoo and Night Safari, Perak, in commemoration of Global Tiger Day. It was officiated by YB Dato' Dr Shamsul Anuar Nasarah, Minister of Energy and Natural Resources, together with the Department of Wildlife ("PERHILITAN") and the Taiping Municipal Council.

CLIMATE CHANGE AND ENVIRONMENTAL MANAGEMENT

AEON is cognisant that in the course of their business operations, there might be environmental impacts on climate change, particularly with regard to greenhouse gas ("GHG") emissions. AEON is committed to exploring technology to further improve its manufacturing processes to reduce emissions. The Board has oversight on climate change, being a key risk matter for the Company.

RESPONSIBLE CONSUMPTION

• Energy Consumption

The Company's Facility Department outlines clear guidelines on the management of air-conditioning temperature within AEON's shopping mall.

This includes prudent use of electricity with guidance from industry best practices in setting an optimal air-conditioning temperature, activating the air-conditioning system closer to business hours and reducing lighting during its non-business hours besides increasing the use of LED light fittings.

This is managed by a team of experienced and capable technicians who conduct daily monitoring, guided by a comprehensive checklist.

By employing such measures in 2020, AEON recorded savings of electricity charges at 17 malls of RM36.5 million, a reduction of 18.55% compared to Year 2019. This is equivalent to 100 million kWh and equates to a reduction in CO₂ of 56,095 tonnes. Year 2020 consumption (kWh) is lower compared to Year 2019 despite the extension to its new wing and of its old wing at AEON Taman Maluri Shopping Centre.

The Table below shows the annual energy consumption at AEON's 28 malls and six standalone stores:

Annual Electricity Consumption - 28 malls and six standalone stores (total 34)			
Year	Total kWh ('000)	Cost (RM Million)	CO ₂ (Tonnes)
2020 (34)	439,863	160,550	246,323
2019 (34)	540,032	197,112	302,418
2018 (32)	491,956	179,564	275,495

Remarks:

- Figures given are same scale basis for Year 2020 and 2019 but not for Year 2018 which is without AEON Kuching Central and AEON Nilai store and mall.
- Year 2020 figures included AEON Mall Taman Maluri extension (new wing) and major renovation (old wing).

3. Year 2020 total kWh is 18.55% lower compared to Year 2019 due to the following reasons:

- a) Prudent usage of electricity by setting the air conditioning temperature at optimal levels and reducing lighting during MCO, CMCO and non-business hours.
- b) Lower usage by tenants during MCO and CMCO period.

AEON's short-term and long-term measures in environmental preservation is to re-appoint its energy savings contractor to maintain the Energy Savings System installed at 11 of AEON's buildings and maintain this system moving forward.

Following the introduction of the Net Energy Metering 3.0 ("NEM3.0") programme by the Ministry of Energy and Natural Resources in late December 2020, AEON is exploring a potential collaboration to install solar photovoltaic ("PV") systems at AEON Malls.

• Water Consumption

AEON acknowledges that fresh, clean water is a limited natural resource that increases in cost over time. Hence the Company is exploring water conservation efforts, by using water more efficiently and reducing unnecessary usage, including poster reminders for shoppers.

Adopting an environmental conscious approach in its daily operations, AEON's total consumption of water for 2020 was reduced by 615,000 m³, 12.6% lower than the previous year. This provided savings of almost RM1.5 million for AEON in 2020.

The Table below shows the annual water consumption at AEON's 28 malls and six standalone stores:

Annual Water Consumption		
Year	Total m ³ (‘000)	Cost (RM ‘000)
2020	4,259	10,464
2019	4,874	11,942
2018	3,856	9,448

Note: Figures shown are same scale basis for 2020 and 2019. 2018 figures exclude AEON Kuching Central and AEON Nilai's store and mall. Figures for 2020 include AEON Taman Maluri Shopping Centre's extension of its new wing and major renovation of its old wing.

• Paper Printing

As part of AEON's internal process, employees were reminded of its environmental commitment. One such effort is to exercise prudent usage of paper whenever printing by practising default printing to black and white, and double-sided print.

• Waste Management

As a means to utilise resources in a more responsible manner and further reduce waste, AEON has embraced the global '3R' concept within its operations, namely to Reduce, Reuse and Recycle.

AEON operations produce a sizeable amount of food and non-food waste in the form of perishable items, processed food and bakery products amongst others, and we aim to strengthen our 3R initiative in the coming years.

• Food Waste Management

In Malaysia, an estimated 16,688 tonnes of food is thrown away daily, enough to feed 12 million people.

SUSTAINABILITY STATEMENT

In support of the Ministry of Domestic Trade and Consumer Affairs' (MDTCA) call for reducing food wastage and sharing surplus food with the needy, AEON has initiated a "Community Food Share Programme", a collaboration between AEON and Kechara Soup Kitchen, a non-governmental organisation ("NGO"). Unsold and edible food is collected from AEON's bakery, produce and fruits section by this established NGO and distributed through its structured logistics network to needy communities. Despite the MCO restrictions, a total of 30,821 kgs of food has been collected from four stores and re-distributed in 2020.

Additionally, by re-channelling consumable food to these marginalised communities, it has prevented unnecessary disposal at landfills and thereby minimised greenhouse gas emission.



PEACE

COMMUNITY CONTRIBUTION, SUPPORT AND ENGAGEMENT

AEON has ensured strong contribution toward the nation's economic growth and wellbeing of its communities by reaching out to deserving organisations and individuals to lend a helping hand as part of its sustainability and corporate social responsibility ("CSR") initiative.

COMMUNITY CONTRIBUTION

AEON together with the Malaysian AEON Foundation ("MAF"), an entity that runs charity events and community services under AEON, continued to organise numerous sustainability and CSR initiatives which include community, employee, and media engagements, corporate activities and festive events throughout FY2020.

In 2020, the MAF continued its fundraising activities while keeping in strict compliance with SOPs, organising the 'Loose Coin Collection' at AEON and AEON BiG stores (January – December), the 'Voor Charity Sales' (February) and the 'Berkat Ramadan Campaign' (April – June).

Despite the various challenges and difficulties experienced in 2020 due to the pandemic and other factors, AEON and MAF continued to play pivotal roles in delivering positive community impact. In particular, MAF has persevered in spreading festive joy and cheer through its AEON Mesra programmes.

Notably, the AEON and MAF combination is evident through the AEON Mesra series of events, as well as other charity events such as the Relief for COVID-19, AEON Berkat Korban and AEON Bantu Flood Relief Operations.

Alongside our goal of achieving sustainable profit growth, AEON is also committed to creating long-term value for its stakeholders in terms of positive Economic, Environmental and Social ("EES") impact.

Stakeholder engagement forms an integral part of that strategy to embed sustainable business practices into our value chain and maintain AEON's competitive position in the industry.

AEON 1% CLUB FOUNDATION

The AEON 1% Club Foundation is a global CSR arm of AEON Japan, set up primarily to focus on education, food and environmental initiatives. Its objective is to promote international friendship and goodwill within the Asia region.

The Foundation has a threefold mission:

1. Sound development of the next generation
2. Promotion of friendship with foreign countries
3. Sustainable development of regional communities

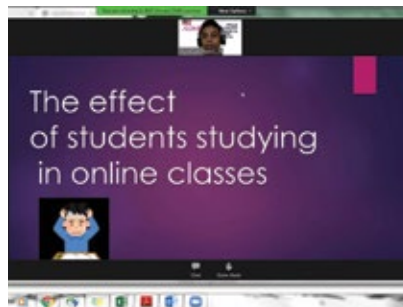
FUTURE GENERATION AWARENESS AND EDUCATION

AEON YOUTH LEADERS 2020 (“AYL”) PROGRAMME

Despite the ongoing pandemic, AEON continued to drive efforts to heighten environmental awareness amongst the youth as young environmental ambassadors.

AEON 1% Club Foundation organised its AEON Youth Leader 2020 (“AYL”) Programme on 17-19 December 2020, with the theme “What we can propose experiencing COVID-19-related confusion in terms of Education”. Conducted virtually, it attracted 72 high school students from nine countries, including two Malaysian students.

Participants took the opportunity to engage in sharing of ideas which increased their confidence and exposure in a cross-cultural setting, building a network of capable global leaders of tomorrow.



COMMUNITY LIVELIHOOD SUPPORT

AEON's outreach initiative included the following activities:

No.	Beneficiary	Event
1.	Wisma Putra Golf Tournament	Wisma Putra Friendship Golf League
2.	Kelantan Islamic Student Union	Programme Perkampungan Menara Gading Negeri Kelantan
3.	Pejabat Kebajikan Masyarakat Hulu Langat	Programme Majlis Makan Malam dan Apresiasi PKMDHL 2020
4.	TSM Charity Golf Foundation	Care Package for Frontliners – Hospital Sg. Buloh and Hospital Selayang
5.	Jabatan Bomba dan Penyelamat Ipoh	Appreciation for Frontliners
6.	Majlis Perbandaran Kota Bharu	Appreciation for Frontliners
7.	Jabatan Bomba dan Penyelamat Melaka	Operasi Sanitasi di AEON Mall Bandaraya Melaka
8.	Karnival Bumi Kenyalang dan Kempen Beli Barangan Buatan Malaysia (“KBBM”)	Contest Winner Prize (Guess and Win Shopping Trolley)
9.	Unit Perancang Ekonomi Negeri Kelantan	Programme Jejak Warisan dan Jelajah Makyong Patuh Syariah
10.	MARA Negeri Sembilan	Majlis Penutup Programme Prihatin Bersama PKS

SUSTAINABILITY STATEMENT

• Relief for COVID-19 Frontliners

In appreciation of the intense effort and sacrifice of healthcare frontliners, MAF donated 2,000 homeware boxes, containing food and essential items such as sanitisers, toiletries and 300 folding chairs, amounting to RM168,000.

Under the tagline, 'We Care. We Share', the items were delivered on 7 April 2020 to healthcare frontliners working at the government hospitals at Kuala Lumpur, Ampang, Seremban and Melaka.

In addition, 7,800 dinner packs were also handed over to Hospital Kuala Lumpur, received warmly by Datuk Dr Heric Cooray, Director, Hospital Kuala Lumpur.



• AEON's Tribute to COVID-19 Frontliners: Kita Merdeka Telemovie and Music Video

To highlight the selfless effort of COVID-19 frontliners, including AEON's employees and suppliers, a special tribute was organised by AEON. For this, a 90-minute telemovie and a music video was commissioned and broadcasted on television nationwide, coinciding with the country's 63rd National Day celebration on 31 August 2020.



This telemovie was aired on *CereKarama*, a TV3 programme on 29 August 2020 with another screening on 16 September 2020 on TV2. The music video, featuring an assortment of talented local musicians was screened on MeleTOP, Astro Ria on 25 August 2020.

Strong publicity was generated by local media stations, including The Star, Oh Bulan and Kopi Panas, RTM.

• Charity Begins At Home

Not forgetting that our employees and their families are also a part of its community, AEON took the initiative to alleviate the economic hardship faced by an AEON employee working at AEON Kulaijaya. A donation of RM3,000 was made to this employee's family and this gesture was featured on TV3's *Bersamamu* programme.

FESTIVE CELEBRATIONS

In acknowledging diversity at AEON, MAF takes pride in celebrating all the major festivities by reaching out to underprivileged children. It also serves to instil a deeper sense of CSR spirit in employees. Initiated over 15 years ago, this festive community initiative has seen thousands of children shop for items, assisted by capable AEON employees and volunteers.

AEON Mesra festive celebrations are one of the most anticipated annual highlights and is driven by the stellar efforts of the MAF.

AEON MESRA CHINESE NEW YEAR 2020

On 17 January 2020, MAF played host to 393 children from various charity homes and schools nationwide. Held in conjunction with Chinese New Year, each child was given pocket money to shop for clothes and gifts at the respective stores. Further treats were in store for the kids in the form of angpaw packets and a lion dance performance for added good wishes.



The initiative culminated with a further 74 children from Yayasan Sunbeams Home, Kuala Lumpur, who in addition to the above treats, had a traditional 'Yee Sang' celebration. Total amount spent on this initiative was RM104,000.

AEON MESRA RAMADAN 2020

On 23 May 2020, MAF took the opportunity in conjunction with the Ramadan fasting month and Hari Raya Aidilfitri celebration, to ease the burden of single parents and deserving families. Keeping with safety measures, AEON presented 728 single parents and deserving families with a financial contribution in AEON Member Plus Cards to be utilised at any AEON stores, AEON BiG or Credit Service branch nationwide. Total amount spent on this community initiative was RM218,400.



AEON MESRA DEEPAVALI 2020

Despite the MCO imposed by the authorities, MAF's Deepavali celebrations still proceeded but on a SOP-compliant approach. On 18 November 2020, 429 single parents and deserving families nationwide were presented RM300 contributions via AEON's Member Plus Card. Total amount spent on this festive celebration was RM128,700.

AEON MESRA CHRISTMAS 2020

On 17 December 2020, MAF played host to 532 children from underprivileged families in conjunction with Christmas. Given the ongoing pandemic, celebrations proceeded with a different approach. Children had earlier indicated their wish list and volunteers shopped for this at 10 nationwide participating AEON and AEON BiG stores. A further 83 children from Pure Life Society, Kuala Lumpur were treated similarly, in which a donation of RM92,149 was made. Total expenses for the event, including the donation amounted to RM97,404.

AEON BERKAT RAMADAN - AEON BERSAMAMU

COVID-19 has impacted the economy and community significantly, leaving many companies in dire circumstances and ultimately resulting in many youths made redundant.

AEON initiated an innovative buy and donate campaign (23 April - 24 May 2020), committing to donate RM1 for every one of 1 million chickens sold at any of its stores during the month of Ramadan. Funds raised would be channelled to recruit 300 AEON Delivery Riders and in addition, equip them each with motorcycles purchased from this fund.

This campaign proved successful in that a total of RM1,450,000 was collected and channelled to the Malaysian AEON Foundation.

On 6 August 2020 at AEON Mall Shah Alam, 20 new AEON Riders were hired and provided motorcycles purchased from the funds. Officiating the handover was YB Datuk Arthur Joseph Kurup, Deputy Minister in the Prime Minister's Department (Economy). The remainder of funds will be used to hire riders and purchase additional motorcycles.



AEON BERKAT KORBAN 2020

• Donation to Charity Homes

On 10 August 2020, in conjunction with Hari Raya Aidiladha, MAF donated seven cows costing RM40,000 and supplied its meat to deserving children at 15 charity homes.

AEON's Riders themselves distributed this cheer directly to the charity homes located in the Klang Valley.



SUSTAINABILITY STATEMENT

- **Launch of Berkah Korban Programme (AEON's Sacrifice Blessings Programme)**

On 27 June 2020, a launch ceremony was held at AEON Taman Maluri Shopping Centre, Cheras, Kuala Lumpur, in conjunction with Hari Raya Aidiladha.

AEON collaborated with Facebook's *Suami Masak Apa Hari Ini?* ("SMAHI") and *Koperasi Kelab Generasi Transformasi Ruminan Malaysia* ("KOOP GTR") to offer an innovative way of performing korban ibadah while complying with the new norms and SOPs.

Here, AEON would undertake the entire process from selection of cattle, to the slaughtering process, packing and distributing to those in need.



AEON BANTU FLOOD RELIEF OPERATIONS 2020

As a responsible corporate citizen, MAF donated essential goods worth RM16,800 to flood victims in Kampung Batu 3, Seremban and Kampung Sungai Serai, Hulu Langat district on 8 November and 15 November 2020 respectively. Household items such as rice, dry grocery items and healthcare products were distributed to 265 families in these affected areas, to help ease their suffering.



PRE-RAMADAN ANNUAL ANSARA 14TH BLOOD DONATION CAMPAIGN 2020

A blood donation campaign at four AEON malls was organised in collaboration with the National Blood Centre ("PDN"), Alumni of MRSM students ("ANSARA") and Sathya Sai International Organisation.



COMMUNITY EDUCATION AND AWARENESS

With its strong CSR initiatives, AEON aims to contribute toward a more informed community, equipped with awareness and knowledge to address growing social issues affecting health, lifestyle and safety living.

GOOD CORPORATE CITIZENSHIP

Adopting a collaborative approach with relevant stakeholders, AEON supports local community growth, acting as good corporate citizens in serving the society.

- **Recognition by Government**

AEON was honoured with the Best Taxpayer Award 2020 for the second consecutive year by the Inland Revenue Board of Malaysia ("LHDN") at its 25th Tax Day ceremony held on 1 May 2020. This award is a further affirmation of the Company's role as a responsible taxpayer and contributor to the nation's development.

PRODUCT SAFETY, QUALITY AND SERVICES

To realise the Company's vision of becoming the most favoured retailer in Malaysia, AEON recognises the critical component of acquiring and maintaining stakeholders' trust and confidence. To achieve this, AEON works to ensure its services and facilities exceed customers' expectations and more so, its product quality assurance is uncompromising. The Company adheres to the Food Act 1983 and Food Hygiene Regulations 2009 (Food Safety) and Trade Description Act 2011 and MS 1500: 2009 (Halal).

"BERSIH, SELAMAT DAN SIHAT" ("BESS") CERTIFICATION

BeSS (Clean, Safe and Healthy) is an acknowledged recognition given to food premises' operators by the Ministry of Health ("MOH") Malaysia to encourage the provision of safe and healthy food.

In 2020, the BeSS certification renewal exercise was carried out on 93 Food Court counters of AEON's 13 Stores and 45 Food Avenue counters of six AEON Malls.

SUSTAINABILITY STATEMENT

Table below shows the annual BeSS certification for renewals and new applications processed and certified for AEON's food courts and food avenues:

Details of BeSS Certification	2020	2019	2018
Premises Certified			
AEON Stores	13	13	14
AEON Shopping Malls	6	6	6
TOTAL	19	19	20
Food Counters Certified			
Food courts (AEON Stores)	93	116	111
Food avenues (AEON Shopping Malls)	45	45	45
TOTAL	138	161	156

Note: BeSS certification is renewed annually. Figures above shows the number of renewals and new applications processed and certified for AEON food court and food avenues.

HAZARD ANALYSIS AND CRITICAL CONTROL POINT (HACCP) CERTIFICATION

The SGS Malaysia's HACCP accords recognition of the company's practice of meeting its requirements of food safety and consumer requirements, as outlined in the Good Manufacturing Practice ("GMP") and Food Safety Critical Control Points.

In 2020, AEON had successfully either completed or renewed the HACCP certifications for 33 AEON stores, including AEON's new store in Kuching.

List of AEON premises with HACCP certification:

Region	2020	2019	2018
Northern	8	7	7
Klang Valley	17	16	15
Southern	8	8	8
TOTAL	33	31	30

Stores accredited with HACCP certification will be managed by their respective HACCP committee members. Such certifications will be subjected to periodic internal and external audit to ensure continued compliance with standards required.

FOOD SAFETY CERTIFICATIONS

AEON adopts a preventive and proactive approach towards food safety, complying with relevant food safety certifications by authorised bodies.

• Food Safety System Certification ("FSSC") 22000

FSSC 22000 is one of the highest Global Food Safety Initiatives ("GFSI") recognised by food safety schemes. Since successfully obtaining this certification in 2018, the AEON Food Processing Centre ("AFPC") has continued to maintain its stringent monitoring of food safety and hygiene practices, allergen control and food defence measures.

AEON HALAL ASSURANCE SYSTEM

AEON's Halal Policy, introduced 12 years ago, has been firmly entrenched into the Company's operations since. This policy is governed by the Guidelines for Halal Assurance Management System, issued by the Department of Islamic Development Malaysia ("JAKIM").

Adoption of the Halal Assurance System guideline ensures:

- AEON's development, implementation and improvement of halal requirement is effective by controlling halal purity and genuineness
- It provides a systematic approach to preserving halal integrity of products by ensuring a controlled quality management system through the supply chain
- It is absorbed as part of our internal mechanism tool to prevent any non-compliance in producing halal products
- AEON's compliance with Jakim's standards and requirements

Halal Application	Certified Halal Applications		
	2020	2019	2018
La Boheme and Café, Delica, Sushi, Coco Café, Pizza and Drink	131	134	113

• Global Halal Excellence Award (Consumer Retail)

In 2020, AEON was awarded the Global Halal Excellence Award (Consumer Retail) in conjunction with Global Business Leadership Awards. The Company's efforts in securing 131 halal certificates for its operations and introducing innovation with the first halal sushi in Malaysia earlier in 2011 was duly recognised.

The award was presented by YB Datuk Seri Mohd Redzuan Md Yusof, Minister in Prime Minister's Department (Special Duties). Accepting the award on behalf of AEON was Encik Shafie Shamsuddin, Managing Director/Chief Executive Officer, AEON.

• AEON Food Safety and Halal Webpage

A webpage in our AEON Retail website, as below, was created in 2015 by our Quality Management department. It serves as an educational portal for our customers to understand AEON's food safety initiatives and product knowledge.

The information in the webpage is updated periodically to keep AEON's customers aware on latest product related news and issues.

For more information, please visit: <http://www.aeonretail.com.my/food-safety-halal/policies/haccp-iso22000/>

SUSTAINABILITY STATEMENT

ETHICS AND INTEGRITY

AEON maintains a healthy business relationship between employees and suppliers. To provide a clear guidance, “AEON’s Purchasing Code of Ethics” (“the Code”) and “Policy on Gifts” stipulate the expected standards of corporate behaviour guided by ethics and integrity, applicable to everyone in AEON and suppliers alike. The Company has a zero tolerance approach for misconduct and appropriate action will be taken against any transgressor. Likewise, in the event any AEON employees are in breach of this Code and Policy, suppliers are expected to report immediately.

There have been no reported cases in 2020 of any breach of this Code and Policy.

SUPPLY CHAIN MANAGEMENT

In 2020, in line with the Company’s direction to improve organisational performance and reduce expenses, AEON introduced a Non-Trade Procurement division in addition to its Trade Procurement division.

The Non-Trade Procurement division has a clear focus on non-trade items and services, and aims at tightening controls on procurement, strengthening anti-bribery and corruption practices, and driving for more cost effective dealings. AEON’s Chief Governance Officer has the oversight to ensure transparency and accountability for stakeholders’ continued assurance. Moving forward, this division intends to explore digital transformation as a means to fortify its objectives.

At the same time, the Trade Procurement division focused on ensuring product supply was at good levels to meet the customers’ demand in view of the Movement Control Order and Conditional Movement Control Order.

BUSINESS PARTNER ENGAGEMENTS

• Corporate Celebrations

In conjunction with AEON’s 36th Anniversary in Malaysia and AEON BiG’s 8th year hypermarket business operations, a special fundraising was organised. It commenced on 24 September and ran until 15 November 2020.

With the theme, “AEON Di Hatiku” (AEON in my Heart), filter masks and nano mist safety packs were sold and RM1 from each item sold was donated to the AEON Di Hatiku Fund. This fund will assist 366 Malaysians affected by COVID-19 to start a dropship business.



SUPPORTING SMALL AND MEDIUM ENTERPRISES (“SMEs”)

The pandemic posed an extreme business challenge for local SMEs, with many trying hard to stay afloat financially. The Government responsibly launched several economic incentives and initiatives designed to assist such entrepreneurs. As a good corporate citizen, AEON collaborated with various ministries and government agencies to assist these SMEs, providing marketing experience and recognition through promotion of their local products in the marketplace.

- **AEON's Interview with Astro AWANI**

In conjunction with “Beli Barangan Buatan Malaysia”, Astro AWANI interviewed Dr. Kasuma Satria, Chief Human Resources Officer of AEON. The session was arranged with the objective of providing exposure to local SME businesses.

- **Programme Prihatin AEON Bersama PKS**

AEON launched a special programme for SMEs, aligning with the Government's PENJANA (Pelan Jana Semula Ekonomi Negara) initiative. AEON took the initiative to organise this event to assist hard-pressed SMEs generate income during the MCO and CMCO.

AEON collaborated with the Ministry of Domestic Trade and Consumer Affairs, the Ministry of Rural Development and various government agencies for this activity. Organised at seven AEON Malls nationwide, it was held in phases, commencing 27 June until 30 September 2020. The total sales generated by participating SMEs amounted to RM2.4 million.

- **Mak Cun 'Anjung Orang Kita'**

AEON collaborated with Mak Cun Jutawan Sdn Bhd to assist SMEs sustain their business during the challenging time brought about by the pandemic.

From September to December 2020, Mak Cun Jutawan Sdn Bhd secured display areas at six AEON and AEON BiG stores. The display has garnered positive responses from customers with its extensive assortments.



- **Mak Cun 'Anjung Orang Kita': Telemovie**

AEON collaborated with Mak Cun Jutawan to produce a telemovie to promote entrepreneurship and growth of SMEs. This telemovie was aired on 25 October 2020 on Cerekarama, TV3. It generated significant media attention and was featured in Utusan Borneo and The Star.

SUSTAINABILITY STATEMENT

- **Opening of Muda Agricultural Development Authority's ("MADA") Shop at AEON Mall Shah Alam**

In support of the Government's PENJANA initiative, AEON collaborated with MADA to facilitate the opening of a shoplot at AEON Mall Shah Alam. This assisted SMEs generate much-needed income, particularly during the MCO and CMCO restriction period. MADA operated this premise from 11 September 2020 until 31 January 2021.

- **Bumi Kenyalang Carnival and 'Buy Malaysian Products' Campaign**

In support of the Government's call to assist local entrepreneurs, a carnival was organised at AEON Mall Nilai, featuring unique and rarely found local products from Sarawak, including traditional dance and art items.

This campaign ran from 14 September until 30 September 2020 and was officiated by YB Datuk Alexander Nanta Linggi, MDTCA Minister, accompanied by representatives from the Ministry of International Trade and Industry (MITI), Sarawak Economic Development Corporation (SEDC) and the Ministry of International Trade and Industry, Industrial Terminal and Entrepreneur Development Sarawak (MINTRED).

Sales from this 2-week campaign surpassed expectations, netting in RM347,061 in support of these hardworking and committed local entrepreneurs.



- **Opening of MARA Entrepreneur Kiosk (Warisan Hadirah) at AEON Bandaraya Melaka**

As a responsible corporate citizen and to align with the Government's call to support local entrepreneurs, AEON collaborated with Majlis Amanah Rakyat ("MARA") to assist SMEs expand their business by exploring new business opportunities and orientations.

At this kiosk, Warisan Hadirah a local food and beverage company, took the opportunity to showcase its various products. Sales exceeded initial target, amounting to just over RM11,000 during this two-week period.

DIGITALISATION

In line with rapid changes in customer demand and lifestyles, AEON has to be more agile and resilient in embracing new technology to ensure sustainable growth and competitiveness in the retail industry. In early 2020, AEON introduced a new platform for customers and the Company's ecosystem.

In April, the AEON Drivethrough and Personal Shopper Initiatives were launched followed by the launch of AEON Online 626 marketplace in June.

For Customers' added peace of mind, convenience, assurance of product hygiene and freshness with prompt delivery, AEON's holistic service includes delivery service by AEON Pickers and AEON Riders introduced in August 2020. In addition, in October 2020, AEON launched fresh.myaeon.com.my and AEON Cross Border to sell items to their customers in Malaysia and Singapore. Items purchased are despatched from the nearest AEON Marketplace directly to the customer's house via Drivethrough and Personal Shopper services.



HOME DELIVERY

ORDER YOUR GROCERIES, WE DELIVER

STEP 01 ▶ Prepare your shopping list and **Scan the QR** code for the contacts of AEON Stores available.

STEP 02 ▶ Select the **AEON Stores** nearest to your residence/office, and place your order via **WhatsApp**.

STEP 03 ▶ The **Delivery status** and the **Total Price** of your order will be notified by AEON Personal Shopper.

STEP 04 ▶ Payment will be made via **Cash On Delivery**.




WhatsApp us now to drop your order!

It is a centralised hub, connecting the different platforms such as MyAEON Employees, SharePoint, MyAEON Tenant Portal, MyAEON Suppliers and others. MyAEON Employees and Sharepoint Portal was launched in August.

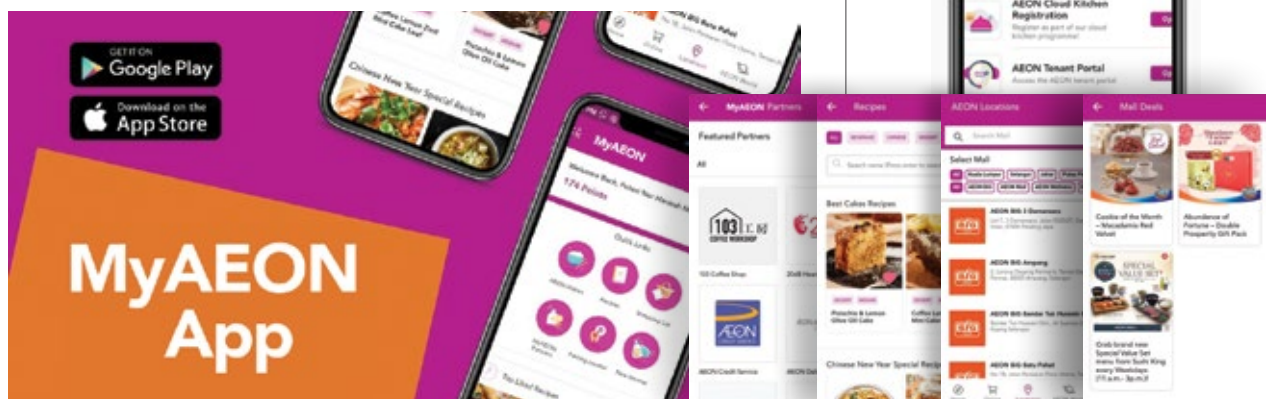
MyAEON Employees is AEON's employee app developed by our in-house team to digitalise all employee matters such as attendance capturing.

Accessible to AEON employees, business partners and Suppliers, it has practical applications such as e-shopping list, parking locator, e-recipe book, marketplace online shopping, mall locations and its featured tenants. It also has a Business Enabler System (BES-POS) since November 2020. The adaptation of Business Enabler Systems and Point of Sales Systems are a step towards AEON's digitalisation.

As of 31 December 2020, over 45,000 downloads have been recorded. An official launch is planned for the second half of 2021.

• MyAEON - The Living Super App

Introduced in November 2020, the MyAEON app is a living super app specially catered to AEON's loyal customers, business partners and working employees. It is designed as an evolving app containing periodically updated features to heighten customer's personal experience and expectations.

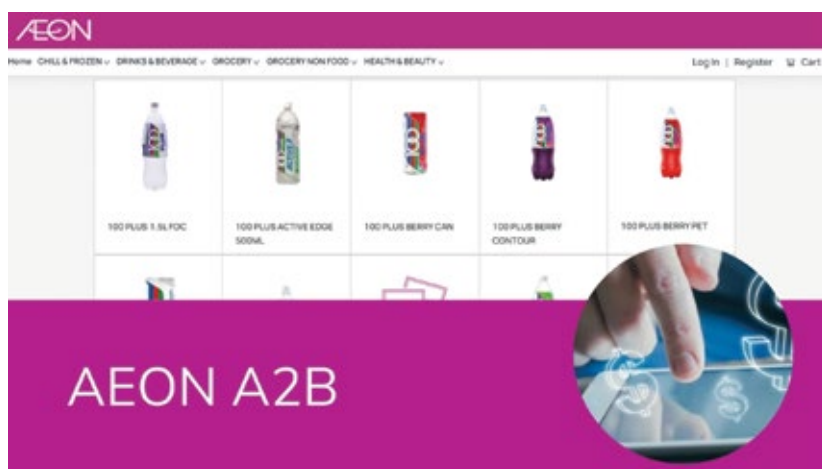


SUSTAINABILITY STATEMENT

• AEON's-to-Business (A2B)

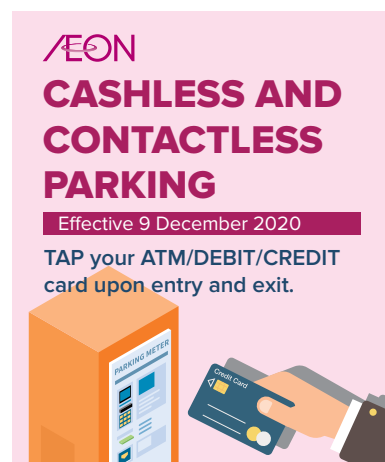
As part of AEON's strategy for decent work and economic growth, AEON's to Business ("A2B") was created to focus on bulk purchase orders placed by our business customers.

It offers comparison across categories of normal pricing, special group pricing and special customer pricing. More than 100 wholesale customers have connected to this platform since its launch in December 2020.



• AEON Member Plus Card and AEON e-Wallet

The introduction of the AEON Member Plus Visa Card and e-Wallet in 2018 offering 'cashless transactions' was a milestone in AEON's digitalisation journey. With its enhanced technology features and functions, it reinvented customer experience and brought convenience, safety and security to the next level.



• Cashless Car Park System at AEON Taman Maluri Shopping Centre

Commencing 9 December 2020, customers of AEON Taman Maluri Shopping Centre get to enjoy the added convenience of this digital system. Being contactless, it brings added assurance of safety, particularly with the ongoing pandemic.

• Cyber Security

The era of digitalisation has invariably brought with it the potential of cyber threat. To guard against this possibility, AEON has in place a robust IT Security Policy to strengthen and govern its IT practices and governance. This policy provides clear guidance for the Company's firewall, accessibility controls, management of incident responses and back-up system to manage cyber threats. Ongoing reviews and assessments are conducted periodically and where necessary, new measures are implemented for added assurance.

• AEON 626 Introduction

AEON introduced a new business model of Offline to Online ("O2O"), an innovative business model - to be more agile, resilient and entrepreneurial towards meeting the customers' real demand.

Launched on 18 June 2020, it was officiated by YB Datuk Alexander Nanta Linggi, Minister of the Ministry of Domestic Trade and Consumer Affairs which was also attended by the Ministry's Secretary General, Datuk Seri Haji Hasnol Zam Zam.

The AEON 626 Campaign, essentially a Virtual Mall Marketplace, is accessible at www.myaeon.com.my. It houses all brands across AEON Retail, namely Departmental Store, MaxValu Prime, Daiso, Wellness, and AEON BiG.

MANAGING HEALTH AND SAFETY AMIDST COVID-19

Despite the unprecedented challenge and disruptive new normal brought about by the pandemic, AEON has seen positive attributes from its employees. Embracing SOPs rolled out by the authorities to stem the spread of infection, AEON has noted the receptiveness of its employees to not just adhere to such measures for health reasons but to ensure AEON's business continuity, given its essential service listing by the Government to maintain operations.

The Company acted swiftly to activate its Business Continuity Plan ("BCP"), set up a COVID-19 Taskforce and formulated COVID-19 measures to be adopted at work. Additionally, a dedicated COVID-19 hotline was established for its employees.

Regular sanitisation, routine cleaning and disinfection, temperature checks for employees and customers and other measures were diligently implemented at all AEON stores and malls. Work from home and virtual engagements were adopted where feasible. Awareness posters and messages on social media are routinely carried out to reinforce the message on safety and wellbeing. This safety conscious approach also extended to AEON's related stakeholders, including suppliers.

These stringent measures adopted by the Company throughout all its stores and malls were an added assurance to making customers feel more secure and comfortable in shopping at AEON, further reinforcing its unchanging 'Customer First' philosophy.







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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 of 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

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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 employees 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. Anti-Bribery and Corruption Policy

Pursuant to the amendments to the MMLR of Bursa Securities in relation to anti-corruption measures, the Company has established an Anti-Bribery and Corruption ("ABC") Policy in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 on corporate liability for corruption with effect from 1 June 2020. The development of the ABC policy and procedures, at a minimum, guided by the Adequate Procedures issued pursuant to Section 17A(5) of the MACC (Amendment) Act 2018. The Company is committed towards implementing the necessary actions to meet the requirements of the Adequate Procedures and will continuously enhance and promote measures for better governance and ethical culture at the workplace. The ABC Policy can be found on the Company's website at www.aeonretail.com.my.

8. 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.

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board has eight (8) Directors, comprising the Chairman (Independent Non-Executive), three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) 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 has at least half of the board comprised of Independent Directors which is sufficient to provide 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 24 June 2020, Mr Poh Ying Loo retired as Executive Director, Mr Charles Tseng @ Charles Tseng Chia Chun retired as Independent Non-Executive Director and Mr Yasuo Nishitohge retired as Non-Independent Non-Executive Director. On 25 June 2020, Mr Soichi Okazaki was appointed as Non-Independent Non-Executive Director. Mr Tsutomu Motomura was appointed as Executive Director on 21 January 2021 subsequent to the resignation of Mr Hiroyuki Kotera as Executive Director on the same date. 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 can 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 15 to 22 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.

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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.

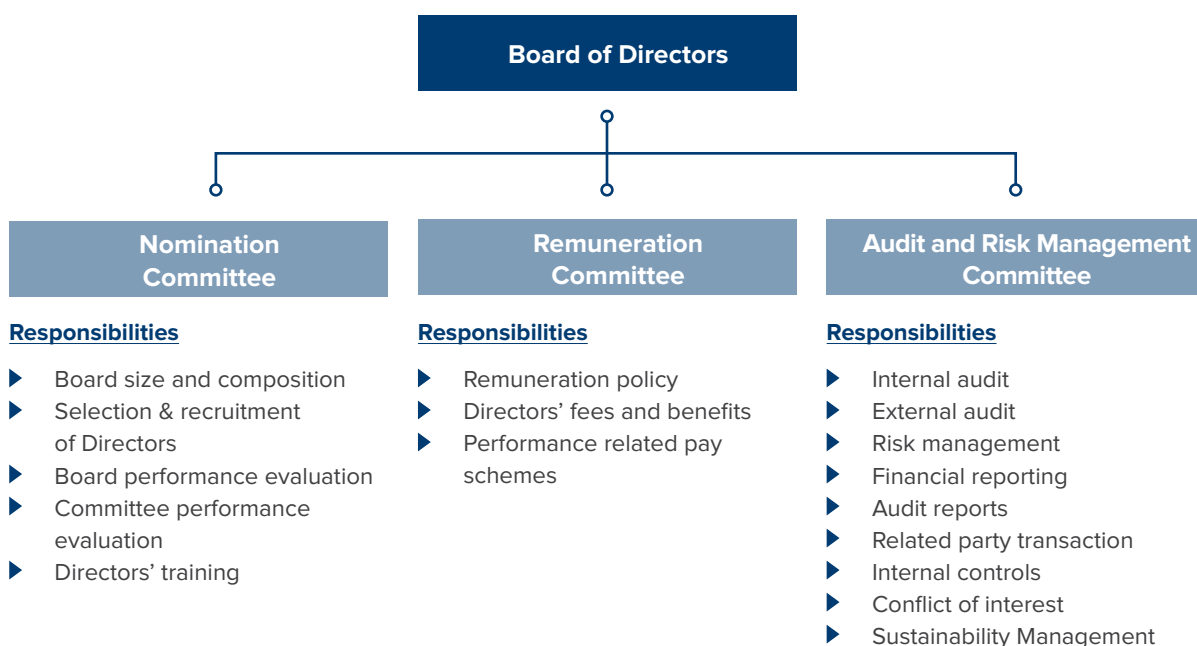
The Board is aware of the recommended tenure of an Independent Director who should not exceed a cumulative term of nine (9) years as recommended by MCCG and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director 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 have 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:



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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 schedules 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.

The Board met four (4) 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)	4/4
2.	Shafie bin Shamsuddin (Appointed as Managing Director on 1 January 2020)	4/4
3.	Tsutomu Motomura (Appointed as Executive Director on 21 January 2021)	N/A
4.	Hiroyuki Kotera (Resigned as Executive Director on 21 January 2021)	4/4
5.	Datuk Syed Ahmad Helmy bin Syed Ahmad (Independent Non-Executive Director)	4/4
6.	Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Independent Non-Executive Director)	4/4
7.	Abdul Rahim bin Abdul Hamid (Independent Non-Executive Director)	4/4
8.	Chong Swee Ying (Non-Independent Non-Executive Director)	4/4
9.	Soichi Okazaki (Appointed as Non-Independent Non-Executive Director on 25 June 2020)	2/2

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.

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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 have devoted sufficient time to update their knowledge and enhance their skills by attending various trainings. Details of trainings attended by the Directors are set out on page 92 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
Datuk Iskandar bin Sarudin <i>(Redesignated as Chairman on 25 June 2020)</i>	Chairman (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)
Dato' Tunku Putra Badlishah Ibni Tunku Annuar <i>(Appointed on 25 June 2020)</i>	Member (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun <i>(Retired on 24 June 2020)</i>	Chairman (Independent Non-Executive Director)

Following the retirement of Mr Charles Tseng @ Charles Tseng Chia Chun as an Independent Non-Executive Director of the Company, he ceased to be Chairman of the Nomination Committee on 24 June 2020. Subsequently, Dato' Tunku Putra Badlishah Ibni Tunku Annuar was appointed as Member of Nomination Committee and Datuk Iskandar bin Sarudin was redesignated as Chairman of Nomination Committee on 25 June 2020.

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 Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Board may appoint an individual to be a Director by having a 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 appointments 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 Soichi Okazaki 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 25 June 2020. Furthermore, the Nomination Committee also evaluated and recommended Mr Tsutomu Motomura as Executive Director of the Company for the Board's approval with effect from 21 January 2021.

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 2021. 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.

All Directors have completed the Mandatory Accreditation Programme ("MAP") including Mr Tsutomu Motomura who attended MAP on 31 March 2021. 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.

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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"> Section 17A of the MACC (Amendment) Act 2018 Webinar Series: Corporate Liabilities under the MACC Act Effective from 1 June 2020 and its mitigations 	24 February 2020 16 July 2020
Shafie bin Shamsuddin (appointed on 1 January 2020)	<ul style="list-style-type: none"> Section 17A of the MACC (Amendment) Act 2018 Future of payments - A workshop with Visa International Open Enrolment Program: Staying Ahead with Data Analytics Refresher: Understanding Fintech and Its Implications for Banks 	24 February 2020 2 March 2020 18 August 2020 1 September 2020
Hiroyuki Kotera (resigned on 21 January 2021)	<ul style="list-style-type: none"> Section 17A of the MACC (Amendment) Act 2018 	24 February 2020
Datuk Syed Ahmad Helmy bin Syed Ahmad	<ul style="list-style-type: none"> Section 17A of the MACC (Amendment) Act 2018 	24 February 2020
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	<ul style="list-style-type: none"> Section 17A of the MACC (Amendment) Act 2018 	24 February 2020
Abdul Rahim bin Abdul Hamid	<ul style="list-style-type: none"> Section 17A of the MACC (Amendment) Act 2018 Briefing on Corporate Liability, Adequate Procedures and ISO37001 	24 February 2020 12 March 2020
Chong Swee Ying	<ul style="list-style-type: none"> Section 17A of the MACC (Amendment) Act 2018 Stakeholder Engagement - Stakeholder Primary: increased Emphasis on ESG Digitalisation-Review Competitive Strategies using AI: A Board's Perspective Crisis Management - Readiness, Response & Recovery Authentic Leadership: Leadership in Times of Distress Stakeholder Engagement - In Times of Crisis: Stakeholders Take Centre Stage 	24 February 2020 6 April 2020 7 April 2020 8 April 2020 14 April 2020 16 April 2020
Soichi Okazaki (appointed on 25 June 2020)	<ul style="list-style-type: none"> Mandatory Accreditation Program 	19 to 21 October 2020

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 MMLR 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 policies 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 Remuneration Committee comprises wholly of 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 the 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 for ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The ARMC in its Terms of Reference provides that a former key audit partner has 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 96 to 99 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 the 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 & Prevention Department reports to ARMC on quarterly basis.

Details on internal control and risk management framework are set out on pages 100 to 103 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 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 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 who participate in the deliberations of the proposed resolutions are given opportunities to seek clarification before proceeding to poll voting.

The Company's Thirty-Fifth ("35th") AGM was the first AGM of the Company conducted through live streaming and online remote participation by using Remote Participation and Voting Facilities ("RPV"), which is in compliance with Section 327 of the Companies Act 2016. During the 35th AGM, Managing Director provided shareholders with a brief review on the Company's financial performance and operations as well as the future outlook of the Company and the key strategies to be taken by the Company in the near future. 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 presented at the last virtual AGM. All Directors endeavor to attend the upcoming AGM, which shall provide shareholders opportunities to enquire with the Directors in person on the Company's performance and operations.

Notice of the 35th 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 make necessary preparations for the AGM.

The Company will dispatch a 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 2021.

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 2020.

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 (Retired on 24 June 2020)	Member (Independent Non-Executive Director)
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad (Appointed on 25 June 2020)	Member (Independent Non-Executive Director)

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Terms of Reference of the ARMC was reviewed, assessed and updated by the Board 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 the office and performance of the ARMC and each of its members annually to distinguish 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 had 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 (Retired on 24 June 2020)	2/2
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	4/4
Datuk Syed Ahmad Helmy bin Syed Ahmad (Appointed on 25 June 2020)	2/2

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Company Secretary was present in all the meetings. The representatives of the External Auditors, Messrs KPMG Desa Megat PLT attended two (2) meetings for the financial year ended 31 December 2020, the Chief Executive Officer, the Chief Financial Officer, the Chief Governance Officer, the Head of Internal Auditor, the Head of Legal and Senior Finance Managers and the Head of Risk & Prevention attended the meetings as and when invited. The ARMC meetings were also attended by other Board members and AEON Leadership Council 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 2020 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 standards as well as accounting treatment used in the financial statements.

External Audit

- a. Reviewed the External Auditor's scope of work and audit plan for the year.
- b. Reviewed and discussed the External Auditors' audit report of the Financial Statement and key audit matters.
- c. Reviewed External Auditors' term 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) private meetings with the External Auditors on 24 February 2020 and 24 November 2020 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 the 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 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 the 24 February 2020 and 24 November 2020 without the presence of the Management for discussion on audit related matters and activities of the Internal Audit Department.
- 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Related Party Transaction (“RPT”)

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

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, protect stakeholders’ interest and the assets of the Company.
- b. Reviewed risks identified by Risk Management Committee (“RMC”) on a quarterly basis 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 risks, ascertain new risks and the corresponding mitigating actions.

The details of the risk management is reported separately under the Statement on Risk Management and Internal Control on pages 100 to 103.

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 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 2020.

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 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 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:

- a. Examination and evaluation of the adequacy, integrity and effectiveness of the Company’s overall system of internal control, risk management and governance.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- b. Review Related Party Transactions and reports to ascertain that the review procedures established to monitor the Related Party Transactions have been complied with the Main Market Listing Requirements of Bursa Securities.
- c. Review Japanese Sarbanes Oxley ("J-SOX") Compliance as part of the AEON Group requirement.
- d. Monitor and evaluate governance processes in accordance to the requirement of the current Malaysian Code of Corporate Governance.
- e. Investigate and report on suspicious and fraud cases, if any.

Reviews are carried out based on the approved Audit Plan for 2020, 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.

The Internal Audit function is based along the principles and guidelines promulgated by the Institutes of the 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 encompasses all the mandatory elements of the IPPF, which demonstrates its practices are in line with a recognized framework.

The principles to have an effective Internal Audit function have been outlined in the Internal Audit Charter and the Internal Audit Manual.

The Internal Audit Charter sets out the purpose, authority and responsibilities for the reporting of the Internal Audit function while maintaining independence and objectivity status.

The Internal Audit Manual outlines a risk based auditing approach in accordance with the ISSPIA. The guidelines are 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 finalizing 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 2020, thirty-six (36) audits were completed on various operations units at stores, malls and head office. 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 the findings and Management's remediation actions.

The Internal Audit Division comprises nine (9) auditors with mixed levels of expertise. During the year, the Internal Auditors attended online 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 Internal Audit has signed the 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 audited activities. The total costs incurred for the Internal Audit function for the financial year ended 31 December 2020 was RM782,000 (2019: RM965,000).

The ARMC Report was made in accordance with the resolution and approved by the Board on 24 February 2021.

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 of the risk management and internal control for the listed issuer.

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

BOARD’S RESPONSIBILITIES

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

The Board has an established ongoing process for identifying, evaluating, prioritising 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/Chief Executive Officer and the Chief Governance Officer or 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, mitigate and continuously monitor 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, prioritise, 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 the Risk Management ISO 31000:2010, and will progressively improve and move forward to adopt the new revised guidelines of ISO 31000:2018. An established systematic process has been set up where risks are adequately reviewed and reported to the ARMC on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

- Risk Governance Structure
- Risk Appetite
- Risk Management Processes

Risk Governance Structure

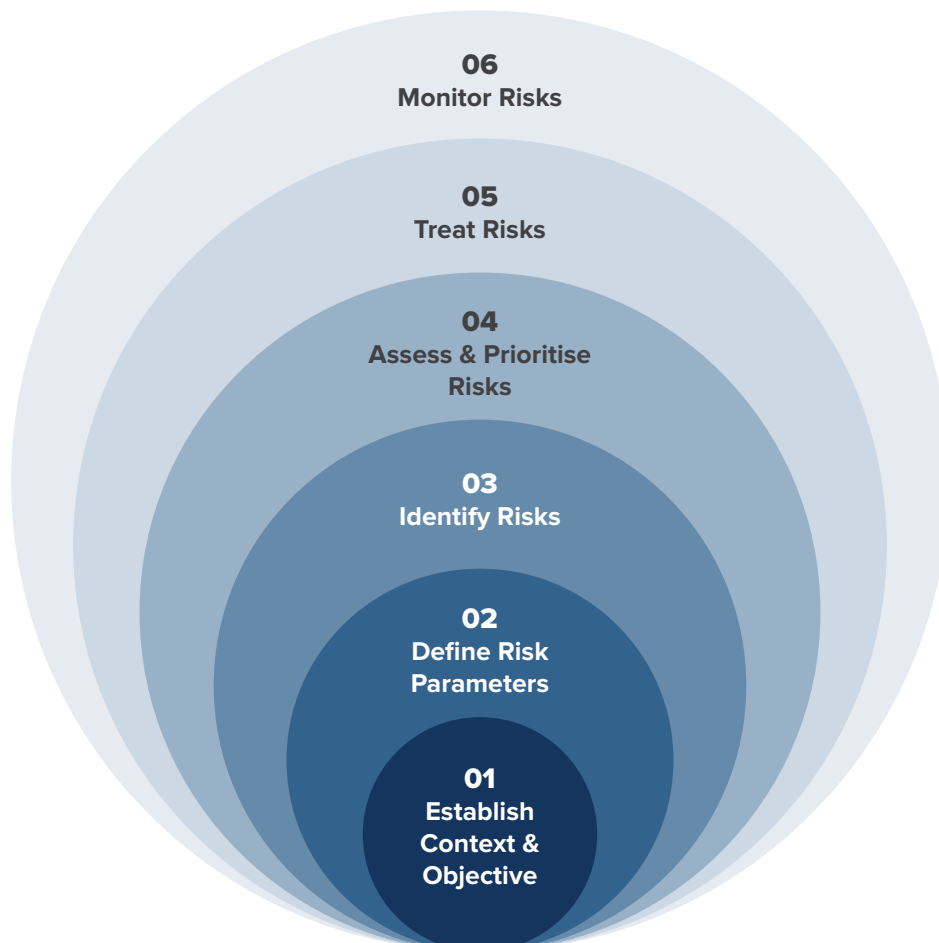
The Risk Governance sets out the roles and responsibilities of the Board, the ARMC and the risk owners involved in the three (3) lines of defence for risk management which consists of business unit heads as the first line of defence, risk management unit as second line of defence and internal audit as 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 the risk taking activities in line with the company's mission and strategy.

Risk Management Process

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



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The Company adopts the Risk and Control Self-Assessment ("RCSA") method to regulate the risk management process for corporate and operational levels. Through implementation of risk profile, it allows the respective business units, including the individual stores and shopping malls to perform risk activities, such as identify, prioritise, undertake the adequate mitigation strategies and plan, evaluate and keep monitoring the controls.

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

- The corporate business unit heads are required to review and update their risk profiles on a quarterly basis for the corporate risk profile. Whilst, the operational heads, i.e. the respective stores and shopping malls are to review and update their respective operational risk profiles on a bi-annual basis.
- In addition, identification of emerging risks and implementation of action plans and controls are carried out by Risk and Prevention department ("Risk Prevention") with the respective business unit heads at the corporate and operational level to instill a continuous effort to manage risks, and exercise appropriate assessments and action plans to control risks.
- On a quarterly basis, Risk Prevention will update the RMC on the progress and status of Company's risk profiles. In addition, Risk Prevention will coordinate discussions on Company's emerging risks and drive RMC to execute relevant controls and action plans to mitigate new risks.
- Furthermore, a risk report is presented by the Chief Governance Officer to the ARMC on a quarterly basis for their review, deliberation and recommendation for endorsement by the Board.

RISK PREVENTION FUNCTION

Risk Prevention facilitates the implementation of risk management policies, framework and processes for the corporate business unit and operational business, our stores and shopping malls. Risk Prevention is responsible:

- To assist the business units through continuous review of the risk profiles by being attentive to risks that may impede the achievement of corporate and business objectives, by ensuring risks are adequately identified, evaluated, prioritised, managed and controlled.
- To oversee Company's business continuity management by administering the function of business continuity plan and communication through development of business continuity policy, framework, processes and procedures.
- To facilitate and manage Company's incidents and/or accidents, and internal crisis situation; In the event of external crisis situation, to coordinate crisis management function between the business units in order to support Company's relief and humanitarian aid activities.
- To prepare and present report on a quarterly basis to RMC and ARMC, outlining the review, status and progress of corporate and operational risk profiles.

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 aspects of the Company's affairs. AEON Leadership Council ("ALC") and Agile Leadership Team ("ALT") are to submit and present their operational performance reviews, business plans and strategic measures in weekly ALC meetings and other divisional and departmental meetings with their respective team members;
- 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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 and working committees are set up from time to time to address business and operational issues to meet the Company's transformation, business objectives and operational requirements;
- 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.

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 encompasses 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 2020 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 ongoing process, the Board and the Management maintain an ongoing commitment and continue to take appropriate measures to strengthen the risk management and internal control environment of the Company.

The Board is of 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 2021.

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 159 to 160 of this Annual Report.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2020, 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	190
Total	470

During the financial year, the amount incurred in respect of non-audit related fees amounted to RM190,000 which comprised assignments for tax consultation advisory fee including for sales and service tax compliance, 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-Fifth Annual General Meeting ("AGM") held on Wednesday, 24 June 2020, 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 2020 is set out on page 160 of the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

PURSUANT TO PARAGRAPH 15.26(A) OF THE MAIN MARKET 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 a true and fair view of the financial position of the Company as at 31 December 2020, 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 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.



La Bohème

bread - pastry - sweets

BY
AEON

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2020.

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	41,423

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 2019 as reported in the Directors' Report of that year on 30 July 2020.

A final dividend recommended by the Directors in respect of the financial year ended 31 December 2020 is 1.50 sen per ordinary share totalling RM21,060,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS OF THE COMPANY

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

Datuk Iskandar bin Sarudin
 Datuk Syed Ahmad Helmy bin Syed Ahmad
 Dato' Tunku Putra Badlishah Ibni Tunku Annuar
 Abdul Rahim bin Abdul Hamid
 Chong Swee Ying
 Shafie bin Shamsuddin (appointed on 1 January 2020)
 Poh Ying Loo (retired on 24 June 2020)
 Charles Tseng @ Charles Tseng Chia Chun (retired on 24 June 2020)
 Yasuo Nishitohge (retired on 24 June 2020)
 Soichi Okazaki (appointed on 25 June 2020)
 Tsutomu Motomura (appointed on 21 January 2021)
 Hiroyuki Kotera (resigned on 21 January 2021)

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 1.1.2020	Bought	Sold	At 31.12.2020
Shareholdings in which Directors have direct interests				
Interest of Shafie bin Shamsuddin in:				
AEON CO. (M) BHD.	-	660,000	-	660,000
Interest of Chong Swee Ying in:				
AEON CO. (M) BHD.	22,600	20,000	-	42,600
AEON Credit Service (M) Berhad	16,440	-	-	16,440
Interest of Soichi Okazaki in:				
AEON CO. (M) BHD.	240,000	-	-	240,000
Shareholdings in which Directors have deemed interests				
Interest of Chong Swee Ying in:				
AEON CO. (M) BHD.	-	11,000	-	11,000
AEON Credit Service (M) Berhad	3,220	-	-	3,220

**DIRECTORS’
REPORT**
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

OTHER STATUTORY INFORMATION (CONTINUED)

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 rent concessions recognised in accordance with the practical expedient for COVID-19 related rent concession of RM20,291,000 as disclosed in note 4 in the financial statements, the financial performance of the Company for the financial year ended 31 December 2020 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.

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

Shafie bin Shamsuddin
Director

Kuala Lumpur

Date: 16 April 2021

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Property, plant and equipment	3	3,366,955	3,647,203
Right-of-use assets	4	1,689,636	1,772,427
Intangible assets	5	9,638	11,980
Investments in associates	6	2,120	10,934
Other investments	7	55,728	65,666
Other assets	8	18,424	19,024
Deferred tax assets	9	147,071	120,059
Total non-current assets		5,289,572	5,647,293
Inventories	10	623,644	754,072
Contract assets	11	9,764	19,728
Receivables, deposits and prepayments	12	99,026	49,699
Cash and cash equivalents	13	71,385	66,982
Total current assets		803,819	890,481
Total assets		6,093,391	6,537,774
Equity			
Share capital		702,000	702,000
Fair value reserve		54,698	64,636
Retained earnings		914,297	929,034
Equity attributable to owners of the Company	14	1,670,995	1,695,670
Liabilities			
Borrowings	15	-	205,080
Lease liabilities		2,072,147	2,146,022
Other liabilities	16	21,534	20,774
Total non-current liabilities		2,093,681	2,371,876
Borrowings	15	933,580	723,580
Lease liabilities		158,192	147,076
Payables and accruals	17	1,075,553	1,435,240
Contract liabilities	11	126,146	154,182
Current tax liability		35,244	10,150
Total current liabilities		2,328,715	2,470,228
Total liabilities		4,422,396	4,842,104
Total equity and liabilities		6,093,391	6,537,774

The notes on pages 118 to 173 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Continuing operations			
Revenue	18	4,051,302	4,538,884
Other operating income		11,017	9,002
Changes in inventories		(130,428)	73,932
Net purchases		(2,347,271)	(2,757,139)
Staff costs		(329,308)	(330,340)
Depreciation of property, plant and equipment	3	(320,061)	(314,829)
Depreciation of right-of-use assets	4	(169,595)	(163,726)
Amortisation of intangible assets	5	(6,028)	(6,243)
Net loss on impairment of tenant receivables		(15,302)	(2,239)
Operating expenses		(485,069)	(688,579)
Results from operating activities	19	259,257	358,723
Interest expense	20	(149,363)	(162,927)
Interest income		676	1,210
Share of losses of equity-accounted associates, net of tax		(8,814)	(119)
Profit before tax		101,756	196,887
Tax expense	22	(60,333)	(87,595)
Profit for the year		41,423	109,292
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	(9,938)	(5,387)
Total comprehensive income for the year		31,485	103,905
Basic earnings per ordinary share (sen)	24	2.95	7.78

The notes on pages 118 to 173 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Attributable to owners of the Company			Total equity RM'000
		Non-distributable		Distributable	
		Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 January 2019		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	23	-	(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
Net change in fair value of equity investments designated at FVOCI	23	-	(9,938)	-	(9,938)
Profit for the year		-	-	41,423	41,423
Total comprehensive income for the year		-	(9,938)	41,423	31,485
Final dividend in respect of year ended 31 December 2019	25	-	-	(56,160)	(56,160)
At 31 December 2020		702,000	54,698	914,297	1,670,995
		Note 14	Note 14		

The notes on pages 118 to 173 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from operating activities			
Profit before tax		101,756	196,887
Adjustments for:			
Amortisation of intangible assets	5	6,028	6,243
Depreciation of property, plant and equipment	3	320,061	314,829
Depreciation of right-of-use assets	4	169,595	163,726
Dividend income		(1,077)	(2,339)
Impairment loss on:			
- Property, plant and equipment	3.1	-	10,592
- Right-of-use assets	4	-	10,567
- Intangible assets	5	-	6
(Gain)/Loss on early termination of lease		(321)	63
Gain on disposal of property, plant and equipment		(13)	(268)
Interest expense		149,363	162,927
Interest income		(676)	(1,210)
Property, plant and equipment written off		2,585	1,838
Intangible assets written off		271	24
Share of results of associates		8,814	119
Operating profit before changes in working capital		756,386	864,004
Changes in working capital:			
Inventories		130,428	(73,932)
Receivables, deposits and prepayments other assets		(48,683)	(188)
Payables and accruals and other liabilities		(361,721)	6,978
Contract assets		9,964	(957)
Contract liabilities		(28,036)	(3,799)
Cash generated from operations		458,338	792,106
Tax paid		(62,251)	(103,005)
Net cash from operating activities		396,087	689,101
Cash flows from investing activities			
Acquisition of:			
- Property, plant and equipment	3	(45,630)	(270,971)
- Intangible assets	5	(735)	(3,286)
Proceeds from disposal of:			
- Property, plant and equipment		23	268
Dividend received		1,077	2,339
Interest received		676	1,210
Net cash used in investing activities		(44,589)	(270,440)

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
Cash flows from financing activities			
Proceeds from borrowings		279,200	360,000
Repayment of borrowings		(274,280)	(426,763)
Dividend paid to owners of the Company	25	(56,160)	(56,160)
Payment of lease liabilities		(149,242)	(143,689)
Interest paid		(146,613)	(167,221)
Net cash used in financing activities		(347,095)	(433,833)
Net increase/(decrease) in cash and cash equivalents		4,403	(15,172)
Cash and cash equivalents at beginning of year		66,982	82,154
Cash and cash equivalents at end of year	13	71,385	66,982

(i) *Cash outflows for leases as a lessee*

	2020 RM'000	2019 RM'000
Included in net cash from operating activities:		
Payment relating to short-term leases	1,097	2,714
Payment relating to leases of low-value assets	203	250
Interest paid in relation to lease liabilities	116,500	122,335
Included in net cash from financing activities:		
Payment of lease liabilities	149,242	143,689
Total cash outflows for leases	267,042	268,988

STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 31 December 2019/ 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Derecognition of lease RM'000	At 31 December 2020 RM'000
Bank loans	515,323	(165,163)	-	350,160	(145,080)	-	-	205,080
Revolving credits								
- unsecured	480,100	(201,600)	-	278,500	35,000	-	-	313,500
Islamic Medium Term Notes and Islamic Commercial Papers								
- unsecured	-	300,000	-	300,000	115,000	-	-	415,000
Lease liabilities	2,301,568	(143,689)	135,219	2,293,098	(149,242)	90,401	(3,918)	2,230,339
Total liabilities from financing activities	3,296,991	(210,452)	135,219	3,221,758	(144,322)	90,401	(3,918)	3,163,919

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 2020 comprise of 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 ultimate 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 16 April 2021.

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 June 2020

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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*

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

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1, 3 and 141 which are not applicable to the Company.
- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for amendments to MFRS 17 which is not applicable to the Company.

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

The company has early adopted Amendments to MFRS 16, *Leases-COVID-19-Related Rent Concessions* for the financial year ended 30 June 2020, which is effective for annual periods beginning on or after 1 June 2020. During the financial year, the Company has recognised a total of RM20,291,000 of rent concessions as a result of the COVID-19 pandemic.

(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 2020, the Company's current liabilities exceeded its current assets by RM1,524,896,000 (2019: RM1,579,747,000).

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 2020, a total of RM585 million (2019: RM700 million) in respect of this facility has yet to be issued. As at year end, RM458.5 million (2019: RM493.5 million) of revolving loan remain unutilised. Given the available financing facilities and the ability of the Company to generate sufficient operating cash flows based on historical trend of positive operating cashflows, the Directors are of the opinion that the Company will be able to meet its liabilities as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Accounting for investment in associate (continued)

(i) Associates (continued)

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.

(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) Recognition and initial measurement

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

(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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(i) Definition of a lease (continued)

- 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 uses its incremental borrowing rate as the discount rate.

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;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(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.

(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.

COVID-19 – related rent concessions

The Company has applied Amendments to MFRS 16, *Leases – COVID-19-Related Rent Concessions* whereby rent concessions received as direct consequence of the COVID-19 pandemic are not assessed as lease modification if all of the following conditions are met:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

COVID-19 – related rent concessions (continued)

- the change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

If the above conditions are met, rent concession are treated as variable lease payments and impact will be recognised in the profit or loss for the year.

(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”.

(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

Intangible assets are amortised from the date they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(l) Employee benefits

(i) 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.

(ii) State plans

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (continued)

(i) Retail sales - goods sold and commission earned (continued)

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 and it is currently transitioning this program to be managed by its related company. This program 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.

Customer rebates

Members are awarded with rebates at the point of sale made at AEON departmental 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 departmental 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) 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.

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 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	270,971
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 2019/1 January 2020		643,002	2,134,766	742,421	18,953	1,769,884	621,404	7,107	79,503	61,967	6,079,007
Additions		-	41	9,934	476	18,137	11,753	121	659	4,509	45,630
Disposals		-	-	-	-	-	(46)	-	(181)	-	(227)
Written off		-	(44)	(1,434)	(1,839)	(4,004)	(4,094)	(7)	(73)	-	(11,495)
Transfer in/(out)		-	-	(7,955)	11	7,566	6,069	-	1,171	(6,862)	-
Transfer to intangible assets	5	-	-	-	-	-	-	-	-	(3,222)	(3,222)
At 31 December 2020		643,002	2,134,763	742,966	17,601	1,791,583	635,086	7,221	81,079	56,392	6,109,693

NOTES TO THE
FINANCIAL STATEMENTS

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 2019										
- Accumulated depreciation	44,732	324,112	327,479	13,748	881,635	448,587	6,036	60,790	-	2,107,119
- Accumulated impairment loss	-	166	20,153	534	11,591	11,187	-	544	-	44,175
Depreciation for the year	44,732	324,278	347,632	14,282	893,226	459,774	6,036	61,334	-	2,151,294
Impairment loss	3,498	47,684	52,768	866	148,821	52,917	563	7,712	-	314,829
Disposals	-	436	1,657	147	6,125	1,947	15	265	-	10,592
Written off	-	-	-	-	-	-	(649)	(1,389)	-	(2,038)
	-	(56)	(3,488)	(156)	(8,854)	(27,671)	(4)	(2,644)	-	(42,873)
At 31 December 2019/ 1 January 2020										
- Accumulated depreciation	48,230	371,740	376,759	14,458	1,021,602	473,833	5,946	64,469	-	2,377,037
- Accumulated impairment loss	-	602	21,810	681	17,716	13,134	15	809	-	54,767
Depreciation for the year	48,230	372,342	398,569	15,139	1,039,318	486,967	5,961	65,278	-	2,431,804
Impairment loss	3,498	50,392	57,108	808	152,550	49,214	439	6,052	-	320,061
Disposals	-	-	-	-	-	-	-	-	-	-
Written off	-	-	-	-	-	(36)	-	(181)	-	(217)
	-	(15)	(503)	(1,824)	(3,188)	(3,329)	(7)	(44)	-	(8,910)
At 31 December 2020										
- Accumulated depreciation	51,728	422,117	433,364	13,442	1,170,964	519,682	6,378	70,296	-	2,687,971
- Accumulated impairment loss	-	602	21,810	681	17,716	13,134	15	809	-	54,767
	51,728	422,719	455,174	14,123	1,188,680	532,816	6,393	71,105	-	2,742,738

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Structures	Office equipment	Machinery and equipment	Furniture, fixtures and fittings	Motor vehicles	IT equipment	Construction work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amounts										
At 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/ 1 January 2020	594,772	1,762,424	343,852	3,814	730,566	134,437	1,146	14,225	61,967	3,647,203
At 31 December 2020	591,274	1,712,044	287,792	3,478	602,903	102,270	828	9,974	56,392	3,366,955

NOTES TO THE
FINANCIAL STATEMENTS

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 incurred during the year for certain plant and equipment is as follows:

	2020 RM'000	2019 RM'000
Impairment loss	-	10,592

The impairment loss with respect to the plant and equipment (part of retailing operating segment) was recognised in operating expenses in the statement 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 2% to 8% (2019: 4% to 7%). 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 1% to 12% (2019: 2% to 31%) based on average growth levels experienced over the years.
- A discount rate of 5.80% (2019: 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 to annual revenue growth rate. A decrease in 50% of the revenue growth in 2021 may result in an 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 January 2020	1,766,646	5,781	1,772,427
Addition	90,401	-	90,401
Depreciation	(167,254)	(2,341)	(169,595)
Derecognition	(3,597)	-	(3,597)
At 31 December 2020	1,686,196	3,440	1,689,636

The Company leases a number of shopping malls and shopping outlets that run between one year and twelve 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.

The Company had negotiated for rent concessions with its landlord of the shopping malls and shopping outlets due to COVID-19 pandemic during the financial year.

The amount recognised in profit or loss for the reporting period of RM20,291,000 relates to changes in lease payments arising from the rent concessions obtained in accordance with the practical expedient for COVID-19 related rent concessions.

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 2020 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	42,517	5,597	48,114	5,653

NOTES TO THE
FINANCIAL STATEMENTS**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	2,226,355	678,505	51
Equipment	3,984	-	-

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 RM Nil (2019: RM10,567,000) with respect to the right-of-use assets. 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 2019		51,471
Additions		3,286
Transfer from construction work-in-progress	3	788
Written off		(123)
At 31 December 2019/1 January 2020		55,422
Additions		735
Transfer from construction work-in-progress	3	3,222
Written off		(354)
At 31 December 2020		59,025
Accumulated amortisation and impairment loss		
At 1 January 2019		
- Accumulated amortisation		37,158
- Accumulated impairment loss		134
		37,292
Amortisation for the year		6,243
Impairment loss		6
Written off		(99)
At 31 December 2019/1 January 2020		
- Accumulated amortisation		43,302
- Accumulated impairment loss		140
		43,442
Amortisation for the year		6,028
Written off		(83)
At 31 December 2020		
- Accumulated amortisation		49,247
- Accumulated impairment loss		140
		49,387
Carrying amounts		
At 1 January 2019		14,179
At 31 December 2019/1 January 2020		11,980
At 31 December 2020		9,638

NOTES TO THE
FINANCIAL STATEMENTS

6. INVESTMENTS IN ASSOCIATES

	2020 RM'000	2019 RM'000
At cost		
Unquoted shares	9,200	9,200
Share of post-acquisition reserves	(7,080)	1,734
	2,120	10,934

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
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

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

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:

2020	AFM RM'000	ATVM RM'000	Total RM'000
Summarised financial information			
As at 31 December			
Non-current assets	143,176	568	
Current assets	20,970	22,971	
Non-current liabilities	(78,880)	(455)	
Current liabilities	(66,456)	(15,370)	
Net assets	18,810	7,714	
Year ended 31 December			
(Loss)/Profit from continuing operations	(44,237)	164	
Included in the total comprehensive income is:			
Revenue	23,709	79,490	
Reconciliation of net assets to carrying amount as at 31 December			
Company's share of net assets	3,762	1,543	5,305
Share of gain of disposal of business	(3,185)	-	(3,185)
Carrying amount in the statement of financial position	577	1,543	2,120
Company's share of results for the year ended 31 December	(8,847)	33	(8,814)
Other information			
Dividend received by the Company	-	-	-

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 (continued):

	AFM RM'000	ATVM RM'000	Total RM'000
2019			
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			
(Loss)/Profit 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			
Dividend received by the Company	268	-	268

7. OTHER INVESTMENTS

	Note	2020 RM'000	2019 RM'000
Non-current			
Quoted equity in Malaysia - Fair value through other comprehensive income	7.1	55,728	65,666

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INVESTMENTS (CONTINUED)

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 2020 RM'000	Dividend income recognised during 2020 RM'000	Fair value at 31 December 2019 RM'000	Dividend income recognised during 2019 RM'000
AEON Credit Service (M) Berhad	55,728	1,077	65,666	2,071

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment						
- capital allowance	-	-	(15,251)	(49,109)	(15,251)	(49,109)
- revaluation	-	-	(8,783)	(8,984)	(8,783)	(8,984)
Right-of-use assets	-	-	(395,789)	(416,593)	(395,789)	(416,593)
Lease liabilities	524,699	550,343	-	-	524,699	550,343
Provisions	11,679	7,399	-	-	11,679	7,399
Contract liabilities	30,516	37,003	-	-	30,516	37,003
Net tax assets/ (liabilities)	566,894	594,745	(419,823)	(474,686)	147,071	120,059

NOTES TO THE
FINANCIAL STATEMENTS

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

Movement in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31.12.2020 RM'000
Property, plant and equipment					
- capital allowance	(30,663)	(18,446)	(49,109)	33,858	(15,251)
- revaluation	(9,185)	201	(8,984)	201	(8,783)
Right-of-use assets	(434,760)	18,167	(416,593)	20,804	(395,789)
Lease liabilities	552,376	(2,033)	550,343	(25,644)	524,699
Provisions	4,789	2,610	7,399	4,280	11,679
Contract liabilities	37,301	(298)	37,003	(6,487)	30,516
	119,858	201	120,059	27,012	147,071

10. INVENTORIES

	2020 RM'000	2019 RM'000
Retail merchandise	312,294	404,961
Food and others	311,350	349,111
	623,644	754,072
Recognised in profit or loss:		
Inventories recognised as an expense	2,476,588	2,680,207
Write down to net realisable value	1,111	3,000

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

NOTES TO THE FINANCIAL STATEMENTS

11. CONTRACT ASSETS/(LIABILITIES)

	2020 RM'000	2019 RM'000
Contract assets	9,764	19,728
Contract liabilities	(126,146)	(154,182)

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, customer 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 two years.

	2020 RM'000	2019 RM'000
Customer loyalty awards	23,888	41,486
Customer rebates	2,082	2,285
Unutilised cash vouchers and others	100,176	110,411
	126,146	154,182

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.

AEON Card has ceased accepting new members in July 2019. Existing members were still able to accumulate points in relation to rebates and loyalty rewards in their existing AEON Card until 31 December 2020 and the deadline for all points must be redeemed by 30 June 2021. AEON Member Plus Card was introduced in October 2018 to replace the current AEON Card. Points collected by members using AEON Member Plus Card are managed by a related company, AEON Credit Services (M) Bhd.

NOTES TO THE
FINANCIAL STATEMENTS

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 2019	42,569	4,905	110,507	157,981
Additions	22,237	6,517	281,798	310,552
Utilisation	(17,710)	(5,849)	(248,781)	(272,340)
Reversal	(5,610)	(3,288)	(33,113)	(42,011)
At 31 December 2019/1 January 2020	41,486	2,285	110,411	154,182
Additions	11,247	3,164	176,740	191,151
Utilisation	(22,048)	(2,886)	(161,838)	(186,772)
Reversal	(6,797)	(481)	(25,137)	(32,415)
At 31 December 2020	23,888	2,082	100,176	126,146

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2020 RM'000	2019 RM'000
Trade			
Trade receivables		65,891	26,405
Amount due from a related company	12.1	4,633	605
		70,524	27,010
Non-trade			
Other receivables		1,851	2,527
Prepayments		18,406	13,530
Amount due from related companies	12.1	8,245	6,632
		28,502	22,689
		99,026	49,699

12.1 Amounts due from 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 related companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

13. CASH AND CASH EQUIVALENTS

	2020 RM'000	2019 RM'000
Cash and bank balances	18,267	46,732
Deposits with licensed financial institutions	53,118	20,250
	71,385	66,982

14. CAPITAL AND RESERVES

Share capital

	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'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	2020 RM'000	2019 RM'000
Non-current			
Bank loans	15.1	-	205,080
Current			
Bank loans	15.1	205,080	145,080
Revolving credits - unsecured	15.2	313,500	278,500
Islamic Medium Term Notes and Islamic Commercial Papers - unsecured	15.3	415,000	300,000
		933,580	723,580
		933,580	928,660

NOTES TO THE
FINANCIAL STATEMENTS**15. BORROWINGS (CONTINUED)**

- 15.1 The bank loans are unsecured, bears interest ranging from 2.96% to 4.39% (2019: 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 2.20% to 2.53% (2019: 3.45% to 3.82%) per annum.
- 15.3 The unsecured Islamic Medium Term Notes and Islamic Commercial Papers bear interest rate of 2.18% to 3.15% (2019: 3.44%) per annum.

16. OTHER LIABILITIES

Provision for restoration cost	2020 RM'000	2019 RM'000
At 1 January	20,774	17,734
Provision made during the year	41	2,375
Provision reversed during the year	(27)	(68)
Unwinding of discount	746	733
At 31 December	21,534	20,774

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 3.61% (2019: 4.21%).

NOTES TO THE FINANCIAL STATEMENTS

17. PAYABLES AND ACCRUALS

	Note	2020 RM'000	2019 RM'000
Trade			
Trade payables		593,140	877,721
Amount due to an associate	17.1	11,087	23,394
		604,227	901,115
Non-trade			
Other payables and accrued expenses	17.2	163,456	200,190
Progress claims by contractors		1,945	13,748
Rental and utility deposits		255,073	261,498
Amount due to holding company	17.1	16,406	18,646
Amount due to associates	17.1	1,366	2,013
Amount due to related companies	17.1	33,080	38,030
		471,326	534,125
		1,075,553	1,435,240

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 RM3,529,000 (2019: RM735,000).

18. REVENUE

	2020 RM'000	2019 RM'000
Sale of goods	3,083,577	3,352,845
Net commission from concessionaire sales	294,706	406,231
Property management services	606,641	706,637
Others	66,378	73,171
	4,051,302	4,538,884

NOTES TO THE
FINANCIAL STATEMENTS

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
Sale of goods and net commission from concessionaire sales	Revenue is recognised when the goods are accepted by the customers at the stores of the Company. When the Company acts in the capacity of an agent rather than as principal, the revenue recognised is the net amount of commission made.	Cash term	Customers may earn loyalty points and rebates (see below).	The Company allows returns for exchange with new goods under normal circumstances within 14 days from the date of purchase.
Property management services	Revenue is recognised on a straight-line basis over the term of the lease.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.
Loyalty program	Customers who purchase the products using members' card are entitled to earn points and rebates that are redeemable against any future purchases. 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.	The points and rebates will expire between 6 months to 3 years.	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. 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.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

19. RESULTS FROM OPERATING ACTIVITIES

	2020 RM'000	2019 RM'000
Results from operating activities is arrived at after charging:		
Auditors' remuneration		
- Audit fees		
- KPMG Desa Megat PLT Malaysia	280	280
- Non-audit fees		
- KPMG Desa Megat PLT Malaysia	20	52
- Local affiliates of KPMG Desa Megat PLT in Malaysia	170	130
Material expenses/(income)		
Amortisation of intangible assets	6,028	6,243
Depreciation of property, plant and equipment	320,061	314,829
Depreciation of right-of-use assets	169,595	163,726
Dividend income	(1,077)	(2,339)
Impairment loss:		
- Trade receivables	15,302	2,239
- Property, plant and equipment	-	10,592
- Right-of-use assets	-	10,567
- Intangible assets	-	6
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	37,309	37,841
- Wages, salaries and others	291,999	292,499
Property, plant and equipment written off	2,585	1,838
Intangible assets written off	271	24
Royalty expense	16,262	16,953
Gain on disposal of:		
- Property, plant and equipment	(13)	(268)
Property management services:		
- Rental income on shopping mall operation	(559,777)	(627,410)
- Other property management services income	(46,864)	(79,227)
Expenses arising from leases		
Expenses relating to short-term lease	1,097	2,714
Expenses relating to leases of low-value assets	203	250

NOTES TO THE
FINANCIAL STATEMENTS**20. INTEREST EXPENSE**

	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	32,863	40,592
Interest expense on lease liabilities	116,500	122,335
Other finance costs	-	4,824
	149,363	167,751
Recognised in profit or loss	149,363	162,927
Capitalised on qualifying asset as a reduction of borrowing cost:		
- Property, plant and equipment	-	4,824
	149,363	167,751

21. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2020 RM'000	2019 RM'000
Directors:		
Fees	1,096	1,143
Remuneration	4,784	2,536
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	91	149
	5,971	3,828

NOTES TO THE FINANCIAL STATEMENTS

22. TAX EXPENSE

	2020 RM'000	2019 RM'000
Current tax expense		
- Current year	77,551	85,785
- Under provision in prior year	9,794	2,011
	87,345	87,796
Deferred tax expense		
- Reversal of temporary differences	(12,497)	(11,250)
- (Over)/Under provision in prior year	(14,515)	11,049
	(27,012)	(201)
Tax expense	60,333	87,595
Reconciliation of tax expense		
Profit before tax	101,756	196,887
Tax calculated using Malaysian tax rate of 24% (2019: 24%)	24,421	47,253
Non-deductible expenses	40,899	27,844
Non-taxable income	(266)	(562)
	65,054	74,535
Under/(Over) provision in prior year		
- Current tax expense	9,794	2,011
- Deferred tax expense	(14,515)	11,049
Tax expense	60,333	87,595

23. OTHER COMPREHENSIVE INCOME

	2020		2019	
	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	(9,938)	(9,938)	(5,387)	(5,387)

NOTES TO THE
FINANCIAL STATEMENTS**24. EARNINGS PER ORDINARY SHARE****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period.

	2020 RM'000	2019 RM'000
Profit for the year attributable to owners of the Company	41,423	109,292

	2020 '000	2019 '000
Weighted average number of ordinary shares at 31 December	1,404,000	1,404,000

	2020 Sen	2019 Sen
Basic earnings per ordinary share	2.95	7.78

Diluted earnings per ordinary share

There is no dilution in earnings per share as there is no potential diluted ordinary shares.

25. DIVIDEND

Dividend recognised by the Company is as follows:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final 31.12.2019 dividend	4.00	56,160	30 July 2020
2019			
Final 31.12.2018 dividend	4.00	56,160	11 July 2019

NOTES TO THE FINANCIAL STATEMENTS

25. DIVIDEND (CONTINUED)

After the end of the reporting period, the following dividend was proposed by the Directors. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 31.12.2020 dividend	1.50	21,060

26. OPERATING SEGMENTS

The Company has two main reportable segments, as described below, which are based on the Company's management and internal reporting structure. Results from each of the segments are reviewed regularly by the Managing Director and Board of Directors of the Company.

Reportable segments

The two main reportable segments are:

Retailing The operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods and other merchandise.

Property management services Shopping mall operation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and related revenue, loans and borrowings and related expenses and tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

NOTES TO THE
FINANCIAL STATEMENTS

26. OPERATING SEGMENTS (CONTINUED)

	Retailing		Property management services		Total	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments						
Revenue from external customers	3,444,661	3,832,247	606,641	706,637	4,051,302	4,538,884
Total revenue	3,444,661	3,832,247	606,641	706,637	4,051,302	4,538,884
Segmental profit	77,863	114,616	229,620	268,799	307,483	383,415
Less: Unallocated expenses					(48,226)	(24,692)
Operating profit					259,257	358,723
Interest expense					(149,363)	(162,927)
Interest income					676	1,210
Share of results of associates					(8,814)	(119)
Profit before tax					101,756	196,887
Tax expense					(60,333)	(87,595)
Profit for the year					41,423	109,292
Segment assets	1,493,095	1,783,177	4,400,107	4,614,288	5,893,202	6,397,465
Unallocated assets					200,189	140,309
Total assets					6,093,391	6,537,774
Segment liabilities	(1,274,245)	(1,656,044)	(2,157,794)	(2,226,476)	(3,432,039)	(3,882,520)
Unallocated liabilities					(990,357)	(959,584)
Total liabilities					(4,422,396)	(4,842,104)
Capital expenditure	27,800	139,777	18,566	139,097	46,366	278,874
Depreciation and amortisation	85,487	155,036	410,197	329,762	495,684	484,798
Impairment of property, plant and equipment and intangible assets	-	9,880	-	11,285	-	21,165
Write down to net realisable value	1,111	3,000	-	-	1,111	3,000

Geographical segment

There is no geographical information as the Company is predominantly operating in Malaysia.

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

	2020 RM'000	2019 RM'000
Property, plant and equipment		
<i>Contracted but not provided for and not payable:</i>		
Within one year	7,950	11,546

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 parties 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.

NOTES TO THE
FINANCIAL STATEMENTS

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Holding company:				
Royalty expenses	(16,262)	(16,953)	(16,262)	(16,953)
Related companies:				
Sales through AEON credit card	960,030	57,743	4,326	287
Sales through easy payment scheme financing	3,342	5,136	307	318
Rental income	18,036	16,063	2,608	5,444
Revenue through retailing	1,253	607	505	103
Convertible AEON Member card point income	-	1,620	-	-
Support services	1,736	2,182	1,501	661
Retail support services	255	18	102	-
Management services	4,069	37	4,009	1
Trustee fee	29	29	-	-
Credit card sales commission expenses	(8,819)	(301)	-	-
Supply chain and distribution centre management fee	(56,171)	(63,036)	(8,378)	(17,011)
Purchase of merchandise	(1,872)	(1,522)	(265)	(223)
Purchase of consumables	(1,777)	(2,124)	(272)	(381)
Facility management service	(23,548)	(22,655)	(5,534)	(3,937)
Rental expense	(17,683)	(17,837)	-	-
Management fee	(1,746)	(10,590)	-	(4,394)
Loyalty point cost and service cost	(9,619)	(1,487)	(8,260)	(1,566)
Associates:				
Purchase of merchandise	(61,933)	(93,103)	(11,088)	(23,394)
Rental income	9,904	13,607	725	82

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.

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
2020			
Financial assets			
Other investments	55,728	-	55,728
Receivables and deposits (excluding prepayments)	80,620	80,620	-
Cash and cash equivalents	71,385	71,385	-
	207,733	152,005	55,728
Financial liabilities			
Borrowings	(933,580)	(933,580)	-
Payables and accruals	(1,075,553)	(1,075,553)	-
	(2,009,133)	(2,009,133)	-
2019			
Financial assets			
Other investments	65,666	-	65,666
Receivables and deposits (excluding prepayments)	36,169	36,169	-
Cash and cash equivalents	66,982	66,982	-
	168,817	103,151	65,666
Financial liabilities			
Borrowings	(928,660)	(928,660)	-
Payables and accruals	(1,435,240)	(1,435,240)	-
	(2,363,900)	(2,363,900)	-

NOTES TO THE
FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Net loss arising from financial instruments

	2020	2019
Net loss on:	RM'000	RM'000
Equity investment designated at fair value through other comprehensive income		
- recognised in other comprehensive income	(9,938)	(5,387)
Financial assets at amortised cost	(14,626)	(1,029)
Financial liabilities at amortised cost	(33,098)	(40,809)
	(57,662)	(47,225)

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, the 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 statement 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.

NOTES TO THE
FINANCIAL STATEMENTS

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 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
2020			
Current (not past due)	25,223	-	25,223
1 – 30 days past due	9,081	(2,715)	6,366
31 – 60 days past due	5,693	(1,702)	3,991
61 – 90 days past due	5,021	(1,501)	3,520
	45,018	(5,918)	39,100
Credit impaired			
More than 90 days past due	43,954	(13,139)	30,815
Individually impaired	11,901	(6,161)	5,740
	100,873	(25,218)	75,655
Trade receivables	91,109	(25,218)	65,891
Contract assets	9,764	-	9,764
	100,873	(25,218)	75,655
Collateralised trade receivables			
- Where no loss allowance recognised	27,027	-	27,027
- Where loss allowance recognised	56,065	(25,218)	30,847
	83,092	(25,218)	57,874

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
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

Trade receivables and contract assets which are credit impaired amounting to RM56,065,000 (2019: RM19,684,000) 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 RM30,847,000 (2019: RM9,768,000).

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.

NOTES TO THE
FINANCIAL STATEMENTS

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			Total
	Lifetime ECL	Credit impaired	Contract assets	
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2019	3,100	4,577	-	7,677
Net remeasurement of loss allowance	312	1,927	-	2,239
Balance at 31 December 2019/ 1 January 2020	3,412	6,504	-	9,916
Net remeasurement of loss allowance	15,645	(343)	-	15,302
Balance at 31 December 2020	19,057	6,161	-	25,218

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.

*Related 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)

Related company loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers balances with related companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the related company 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 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 does not recognise any allowance for impairment loss.

Other receivables

Credit risks on other receivables are mainly arising from sundry 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 does 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 2020, a total of RM585 million (2019: RM700 million) in respect of this facility has yet to be issued. As at year end, RM458.5 million (2019: RM493.5 million) of revolving loan remain unutilised. Given the available financing facilities and the ability of the Company to generate sufficient operating cash flows based on historical trend of positive operating cashflows, 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.

NOTES TO THE
FINANCIAL STATEMENTS

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
2020						
Revolving credits	313,500	2.20 – 2.53	314,283	314,283	-	-
Bank loans	205,080	2.96 – 4.39	209,224	209,224	-	-
Islamic Commercial Papers	245,000	2.18 – 2.26	246,310	246,310	-	-
Islamic Medium Term Notes	170,000	3.15	175,384	175,384	-	-
Lease liabilities	2,230,339	2.91 – 5.33	3,151,258	264,701	1,021,896	1,864,661
Payables and accruals	1,075,553	-	1,075,553	1,075,553	-	-
	4,239,472		5,172,012	2,285,455	1,021,896	1,864,661
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

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. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

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:

	2020 RM'000	2019 RM'000
Fixed rate instruments		
<i>Financial asset</i>		
Deposits placed with licensed financial institutions	53,118	20,250
<i>Financial liabilities</i>		
Revolving credit	(313,500)	(278,500)
Bank loans	(205,080)	(350,160)
Islamic Medium Term Notes and Islamic Commercial Papers	(415,000)	(300,000)
Lease liabilities	(2,230,339)	(2,293,098)
	(3,163,919)	(3,221,758)
	(3,110,801)	(3,201,508)

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.

NOTES TO THE FINANCIAL STATEMENTS

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% (2019: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM557,000 (2019: RM657,000). A 1% (2019: 1%) decrease in market price would have had equal but opposite effect on equity.

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		
2020										
Financial asset										
Investment in quoted equities	55,728	-	-	55,728	-	-	-	-	55,728	55,728
Financial liability										
Bank loans	-	-	-	-	-	-	(202,605)	(202,605)	(202,605)	(205,080)
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)

**NOTES TO THE
FINANCIAL STATEMENTS**

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 Level 2 fair values during the financial year (2019: 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. CONTINGENT LIABILITIES

On 2 March 2021, the Company had received a legal suit from Betanaz Properties Sdn. Bhd. ("Plaintiff"), a subsidiary of Ahmad Zaki Resources Berhad, who alleged that the Company did not comply with its obligations under the Tenancy Agreement dated 24 August 2017 to fulfill the conditions precedent under the Tenancy Agreement and had wrongfully terminated the Tenancy Agreement. The Plaintiff is seeking for, among others, the following reliefs:

- (i) Rental payment payable to the Plaintiff for the tenancy period between 1 April 2020 to 17 December 2021 and for the initial term of ten (10) years of the lease amounting to a total sum of RM59,302,302.97; or
- (ii) Expenditure incurred by the Plaintiff for the project, including but not limited to site clearance and earthworks, consultancy fees, financing costs and other incidental costs arising from the banking facilities and others costs amounting to RM18,936,207.76.

On 29 March 2021, the Company filed the defence against the Plaintiff. Further, the Company, as the plaintiff, filed a counterclaim against Betanaz Properties Sdn. Bhd. as the first defendant, and Ahmad Zaki Resources Berhad as the second defendant due to the non-fulfillment of the conditions precedent on the part of the defendants prior to the expiry of the respective conditional periods and the Tenancy Agreement dated 24 August 2017 and Commercial Agreement dated 24 August 2017 had been rendered void due to the expiry of the conditional period on 23 October 2020 and 23 January 2020 respectively.

Based on the advice by the Company's legal counsel, the Directors are of the view that the abovementioned general damages sought by the Plaintiff are contradictory to the Rules of Court as the same should not have been quantified as if it were special damages. Hence, provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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 112 to 173 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 2020 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

Shafie bin Shamsuddin

Director

Kuala Lumpur

Date: 16 April 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Ho Min Chih**, the Officer primarily responsible for the financial management of AEON CO. (M) BHD., do solemnly and sincerely declare that the financial statements set out on pages 112 to 173 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 Ho Min Chih, MIA CA 21825, at Kuala Lumpur in the Federal Territory on 16 April 2021.

Ho Min Chih

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 2020, 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 112 to 173.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 RM3,366,955,000 and RM1,689,636,000 respectively as at 31 December 2020. 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 2020 of RM623,644,000. Inventory is valued using weighted average cost of merchandise derived using the Retail Inventory Method ("RIM"). 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 RIM in inventory 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").
- 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.
- Assessed the adequacy of the allowance made by checking the accuracy of the historical data and the explanation provided by the Company.

Key Audit Matters (continued)

ii) Inventory (continued)

How the matter was addressed in our audit (continued)

- Attended physical inventory counts of selected stores and performed sample counts. Where applicable, we have performed rollback procedure on inventory count.

iii) MFRS 16, Leases

Refer to Note 2(e) – Significant accounting policy: Leases and Note 4 – Right-of-use assets.

The key audit matter

The application of MFRS 16, *Leases* gives rise to right-of-use assets of RM1,689,636,000 with a corresponding lease liabilities of RM2,230,339,000. There is judgement involved in estimating the lease period (including termination and renewal option) and the discount rate used in the calculation of lease liabilities and right-of-use assets. Effective for annual periods beginning on or after 1 June 2020, there are amendments on MFRS 16, *Leases – COVID-19-Related Rent Concessions*. The Company early adopted this amendment. The judgement involved in estimating lease period, the discount rate, the new amendments on MFRS 16, *Leases – COVID-19-Related Rent Concessions*, together with the material nature of the balances on application of MFRS 16, are significant to our audit.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the appropriateness of the selection of accounting policies applied based on the requirements of MFRS 16, our business understanding and industry practice.
- Evaluated management's process for identifying lease contracts to be assessed based on the selected transition approach and any practical expedients applied.
- Evaluated the reasonableness of management's key judgement and estimates made and application of accounting standards relating to the lease transaction during the year, specifically the term of the tenancy agreement and the appropriateness of discount rates used.
- Evaluated the completeness, accuracy and relevance of data used in application of accounting standards relating to the lease transactions during the year.
- Selected samples of contract and determined whether management has computed the lease liability and right-of-use asset appropriately.

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 and will not express any form of assurance conclusion thereon.

**INDEPENDENT
AUDITORS' REPORT**

TO THE MEMBERS OF AEON CO. (M) BHD.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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.

**INDEPENDENT
AUDITORS' REPORT**
TO THE MEMBERS OF AEON CO. (M) BHD.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.

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, actions taken to eliminate threats or safeguards applied.

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

Petaling Jaya, Malaysia

Ong Beng Seng
Approval Number: 02981/05/2022 J
Chartered Accountant

Date: 16 April 2021

KIDS REPUBLIC





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ANALYSIS OF SHAREHOLDINGS

AS AT 16 APRIL 2021

Issued Share Capital	:	RM702,000,000 comprising 1,404,000,000 Ordinary Shares
Class of Shares	:	Ordinary Share
Voting Rights	:	1 vote per Ordinary Share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS/ DEPOSITORS	% OF SHAREHOLDERS/ DEPOSITORS	NO. OF SHARES HELD	% OF SHARES HELD
1 - 99	545	4.483	5,951	0.00
100 - 1,000	3,142	25.847	1,961,244	0.139
1,001 - 10,000	6,139	50.501	27,979,188	1.992
10,001 - 100,000	1,944	15.992	57,922,698	4.125
100,001 - 70,199,999(*)	385	3.167	600,090,919	42.741
70,200,000 and above (**)	1	0.008	716,040,000	51.000
Total	12,156	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 16 APRIL 2021

NO.	NAME	NO. OF SHARES			
		DIRECT INTEREST	%	INDIRECT INTEREST	%
1	AEON Co., Ltd.	725,640,000	51.68	-	-
2	Employees Provident Fund Board	167,031,300	11.90	-	-

DIRECTORS' INTEREST

AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 16 APRIL 2021

NO.	NAME	NO. OF SHARES			
		DIRECT INTEREST	%	INDIRECT INTEREST	%
1	Datuk Iskandar bin Sarudin	-	-	-	-
2	Shafie bin Shamsuddin	760,000	0.054	-	-
3	Tsutomu Motomura	-	-	-	-
4	Datuk Syed Ahmad Helmy bin Syed Ahmad	-	-	-	-
5	Dato' Tunku Putra Badlishah Ibni Tunku Annuar	-	-	-	-
6	Abdul Rahim bin Abdul Hamid	-	-	-	-
7	Chong Swee Ying	42,600	0.003	*11,000	0.0007
8	Soichi Okazaki	240,000	0.017	-	-

Notes * Indirect interest pursuant to Section 59(1)(c) of the Companies Act, 2016

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

AS AT 16 APRIL 2021

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES HELD
1	AEON Co., Ltd.	716,040,000	51.00
2	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	68,891,700	4.906
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	68,133,400	4.852
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	55,586,400	3.959
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	26,954,600	1.919
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	19,828,000	1.412
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	13,960,100	0.994
8	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	12,955,400	0.922
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	11,389,400	0.811
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN ABSR EQ)	10,000,000	0.712
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	9,600,000	0.683
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	9,380,700	0.668
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROZILAWATI BINTI HAJI BASIR (MY3089)	9,240,000	0.658
14	ROSHAYATI BINTI BASIR	9,240,000	0.658
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	9,113,900	0.649
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	9,046,200	0.644
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND	8,238,900	0.586
18	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	7,427,990	0.529

OTHERS

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES HELD
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (PRINCIPAL 2)	6,300,000	0.448
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA) (410196)	6,256,200	0.445
21	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	5,886,700	0.419
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDANA AL-ILHAM	5,598,100	0.398
23	PERMODALAN NASIONAL BERHAD	4,940,800	0.351
24	SYARIKAT MALURI SDN BHD	4,920,000	0.350
25	HIDENORI FUTAGI	4,800,000	0.341
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	4,563,900	0.325
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	4,258,600	0.303
28	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	4,226,723	0.301
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CPIAM EQ)	4,100,000	0.292
30	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	3,831,900	0.272
TOTAL		1,134,709,613	80.819

PARTICULARS OF PROPERTIES

AS AT 31 DECEMBER 2020

Details of AEON's properties as at 31 December 2020 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 31/12/2020 (RM'000)
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold Land/	436,036/	February 1995 (R)	29	99 years expiring on 19/12/2089	39,595
	Existing two-storey shopping centre	200,316				
	Extension/ Renovation with rooftop car park	179,989		22½		
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land/	368,516/	February 1995 (R)	28½	95 years expiring on 28/03/2085	62,155
	Two-storey shopping centre and three-storey car park	666,694				
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Leasehold land/	643,753/	June 1994 (A)/	25	99 years expiring on 09/05/2093	41,444
	Two-storey shopping centre and two-storey car park	691,414	October 1995 (C)			
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/	377,490/	April 2002 (A)/	18½	Freehold	19,734
	Two-storey shopping centre including covered car park	483,299	August 2002 (C)			
Lot 62232, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/	409,577/	January 2004 (C)	17	99 years expiring on 25/08/2103	70,408
	Two-storey shopping centre and three-storey car park	906,497				
Lot 102076, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/	1,308,035/	March 2004 (A)/	15	Freehold	327,979
	Three-storey shopping centre with basement car park	1,468,693	January 2006 (C)			
	Extension/ Renovation	2,854,623	October 2016 (C)	4¼		
Lot PT 41977	Leasehold land/	550,910/	April 2004 (A)/	14	99 years expiring on 12/04/2103	67,389
Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/	113,451/	April 2004 (A)/			
	Two-storey shopping centre and two-storey car park	893,819	December 2006 (C)			

OTHERS

PARTICULARS OF PROPERTIES

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 31/12/2020 (RM'000)
Lot 5106, Mukim Ulu Kelang, Kuala Lumpur.	Leasehold land/	631,620/	March 2007 (A)/	12	87 years expiring on 05/04/2083	113,734
	Two-storey shopping centre with basement car park	895,449	December 2008 (C)			
Lot 136962, Mukim Pulau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/	1,645,671/	October 2007 (A)/	12	Freehold	214,903
	Three-storey shopping centre with open car park	845,634	December 2008 (C)			
PT 239099, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan.	Leasehold land/	755,855/	June 2010 (A)/	9	99 years expiring on 03/11/2109	110,439
	Three-storey shopping centre with two-storey car park	1,287,504	March 2012 (C)			
Lot 106273, Mukim Kulai, Daerah Kulaijaya, Johor Darul Takzim.	Freehold land/	793,623/	December 2011 (A)/	7	Freehold	93,601
	Two-storey shopping centre with two-storey car park	911,842	November 2013 (C)			
Lot 31009, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold land/	784,834/	August 2011 (A)/	6½	Freehold	138,146
	Three-storey shopping centre with rooftop and open car park	750,235	June 2014 (C)			
Lot 2437 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan.	Leasehold land/	818,273/	December 2012 (A)/	4¾	99 years expiring on 26/10/2103	249,983
	Three-storey shopping centre, entertainment hub with rooftop & basement car park	1,573,114	March 2016 (C)			
PTD 181046, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim.	Freehold land/	910,235/	December 2015 (A)/	3¾	Freehold	277,693
	Three-storey shopping centre, entertainment hub with rooftop & two-storey car park	1,294,639	September 2017 (C)			

AEON STORES, AEON MALLS AND MAXVALU

CENTRAL

AEON STYLE TAMAN MALURI

Jalan Jejaka, Taman Maluri, Cheras
55100 Kuala Lumpur
Tel: 03-9285 5222

AEON TAMAN MALURI SHOPPING CENTRE

Tel: 03-9201 8688

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 MID VALLEY

AT3 Mid Valley Megamall
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2284 4800

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 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 BANDAR UTAMA

Lot LG/G/F/S125, 1 Utama SC
No. 1, Leboh Bandar Utama
Bandar Utama, Damansara
47800 Petaling Jaya, Selangor
Tel: 03-7726 6266

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 BANDAR PUCHONG

Lot G40, IOI Mall, Batu 9
Jalan Puchong, Bandar Puchong Jaya
47100 Puchong, Selangor Darul Ehsan
Tel: 03-8070 1200

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 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



OTHERS

AEON STORES, AEON MALLS AND MAXVALU

CENTRAL

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

MAXVALU PRIME SUNWAY VELOCITY

B-01, Basement One
Sunway Velocity Mall
Lingkaran SV, Sunway Velocity
55100 Kuala Lumpur
Tel: 03-9202 8103

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 BUKIT TINGGI

No. 1, Persiaran Batu Nilam 1/KS 6
Bandar Bukit Tinggi 2
41200 Klang, Selangor Darul Ehsan
Tel: 03-3326 2330

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

MAXVALU PRIME SELAYANG MALL

Lot LG.45, Selayang Mall
Jalan SU9, Taman Selayang Utama
68100 Batu Caves
Selangor Darul Ehsan
Tel: 03-6127 8243

AEON MALL BUKIT TINGGI

Tel: 03-3326 2370

AEON RAWANG

No. 1, Persiaran Anggun
Taman Anggun, 48000 Rawang
Selangor Darul Ehsan
Tel: 03-6091 0671

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 MALL RAWANG ANGGUN

Tel: 03-6092 0678

AEON SHAH ALAM

No. 1, Jalan Akuatik 13/64
Seksyen 13, 40100 Shah Alam
Selangor Darul Ehsan
Tel: 03-5523 1383

MAXVALU PRIME EVO BANGI

No. G-09, Ground Floor
Kompleks EVO
Jalan Pusat Bandar 2
43650 Bandar Baru Bangi
Selangor
Tel: 03-8922 9484

AEON MALL SHAH ALAM

Tel: 03-5523 6131

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

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 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 STATION 18

Tel: 05-321 6807

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 TAIPING

Lot 8576 & 8577 Jalan Kamunting
34000 Taiping, Perak Darul Ridzuan
Tel: 05-804 8722

AEON MALL TAIPING

Tel: 05-804 8711

AEON IPOH KLEBANG

Lot 12080, Klebang Perdana
31200 Chemor, Perak Darul Ridzuan
Tel: 05-291 9225

AEON MALL IPOH KLEBANG

Tel: 05-291 9221

AEON IPOH FALIM

Lot G23A, G22 & G23, F22-F27
F28 & F29, AEON Midtown Falim
No. 1, Hala Falim 1
Taman Mas Jaya, Falim
30200 Ipoh, Perak
Tel: 05-281 7870

AEON QUEENSBAY

1F-61, Queensbay Mall
100, Persiaran Bayan Indah
11900 Bayan Lepas
Pulau Pinang
Tel: 04-641 3822

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

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

OTHERS

AEON STORES, AEON MALLS AND MAXVALU

SOUTHERN

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 PALM MALL

G-16, Palm Mall Seremban
Kemayan Square
Jalan Sg Ujong 70200 Seremban
Tel: 06-761 3073

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. was established, in response to a request from (then) Prime Minister, YAB Dato' Sri 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.		OCTOBER	• Launch of WAOH Charity Fund/ JUSCO Fest/JUSCO's 17 th 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 employees. • The AEON Group's "Hometown Forest" Programme was launched simultaneously at the inauguration of JUSCO Melaka.		OCTOBER	• JUSCO Home Centre opened in 1 Utama Shopping Centre.
► 1992	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.
► 1994	AUGUST	• The Distribution Centre began operations.	► 2004	JANUARY	• JUSCO Metro Prima Tree Planting Ceremony held. 2,000 saplings were planted. • JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened.
	OCTOBER	• Japan Trainee Programme began.		JUNE	• "With All Our Hearts" Charity Fund was officially registered as the "With All Our Hearts" Malaysian JUSCO Foundation.
► 1995	JUNE	• JAYA JUSCO Taman Tun Dr. Ismail closed.		AUGUST	• Company authorised share capital increased from RM100 million to RM500 million.
	AUGUST	• JUSCO Bandar Utama (1 Utama Shopping Centre) opened.		SEPTEMBER	• JAYA JUSCO STORES BHD officially changed name to AEON CO. (M) BHD. • JUSCO celebrated 20 th Anniversary in Malaysia with Gala Dinner. • Official launch of "With All Our Hearts" Malaysian JUSCO Foundation.
	OCTOBER	• JUSCO Bandar Baru Klang (Bukit Raja Shopping Centre) opened.			
► 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

		<ul style="list-style-type: none"> 30,000 saplings were planted in the Malaysian-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands. 	
	OCTOBER	<ul style="list-style-type: none"> Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares. 	
► 2005	MARCH	<ul style="list-style-type: none"> 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. 	
	JULY	<ul style="list-style-type: none"> The 1st Annual WAOH Charity Gala Dinner was held. 	
	SEPTEMBER	<ul style="list-style-type: none"> JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony was held. 3,300 saplings were planted. JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened. 	
	OCTOBER	<ul style="list-style-type: none"> The first Pasar Raya J-One Supermarket in Damansara Damai opened. 	
	DECEMBER	<ul style="list-style-type: none"> AEON Tebrau City Shopping Centre Tree Planting Ceremony held. 6,000 saplings were planted. 	
► 2006	JANUARY	<ul style="list-style-type: none"> JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened. 	
	APRIL	<ul style="list-style-type: none"> Change of financial year end from February to December. 	
	JUNE	<ul style="list-style-type: none"> AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted. 	
	JULY	<ul style="list-style-type: none"> JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened. Pasar Raya J-One Supermarket in Pearl Point opened. 	
	SEPTEMBER	<ul style="list-style-type: none"> Completion of Kinta City Shopping Centre sales and lease back. 	
	NOVEMBER	<ul style="list-style-type: none"> AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted. 	
	DECEMBER	<ul style="list-style-type: none"> JUSCO Queensbay opened. JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened. 	
► 2007	JANUARY	<ul style="list-style-type: none"> Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall. 	
	JUNE	<ul style="list-style-type: none"> Replanting of trees at AEON Woodland. 	
	SEPTEMBER	<ul style="list-style-type: none"> Pasar Raya D'HATI Kota Kemuning opened. JUSCO Bandar Sunway opened. 	
	OCTOBER	<ul style="list-style-type: none"> AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 saplings were planted. 	
	DECEMBER	<ul style="list-style-type: none"> Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang opened. JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened. 	
► 2008	JUNE	<ul style="list-style-type: none"> Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares. 	
	JULY	<ul style="list-style-type: none"> AEON Careline was launched. AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted. 	
	AUGUST	<ul style="list-style-type: none"> JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened. Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened. 	
	OCTOBER	<ul style="list-style-type: none"> 24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted. 	
	NOVEMBER	<ul style="list-style-type: none"> AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted. 	
	DECEMBER	<ul style="list-style-type: none"> JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa Shopping Centre) opened. AEON Bukit Indah Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted. JUSCO Bukit Indah (AEON Bukit Indah Shopping Centre) opened. 	
► 2009	JUNE	<ul style="list-style-type: none"> Pasar Raya MaxValu Pearl Point closed. 	
	OCTOBER	<ul style="list-style-type: none"> 25th Anniversary Tree Planting Ceremony at AEON Woodland. 25,000 saplings were planted. 	
	NOVEMBER	<ul style="list-style-type: none"> AEON Bandaraya Melaka Shopping Centre Tree Planting Ceremony held. 2,000 saplings were planted. 	

OUR MILESTONES

► 2010	JANUARY	<ul style="list-style-type: none"> “With All Our Hearts” Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation. 	► 2014	MARCH	<ul style="list-style-type: none"> Pasar Raya MaxValu Kota Kemuning closed.
	FEBRUARY	<ul style="list-style-type: none"> JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened. 		MAY	<ul style="list-style-type: none"> AEON Mall Bukit Mertajam Tree Planting Ceremony held. 8,461 saplings were planted. AEON Seberang Prai City Shopping Centre closed.
	MARCH	<ul style="list-style-type: none"> AEON Mahkota Cheras Tree Planting Ceremony held. 3,000 saplings were planted. 		JUNE	<ul style="list-style-type: none"> 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.
	APRIL	<ul style="list-style-type: none"> JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened. 		SEPTEMBER	<ul style="list-style-type: none"> “Forest Tree Diversity Planting” Programme at FRIM research station in Bidor, Perak held in conjunction with 30th Anniversary Tree Planting. 8,000 saplings planted.
► 2011	AUGUST	<ul style="list-style-type: none"> JUSCO Bandar Utama reopened. 	► 2015	OCTOBER	<ul style="list-style-type: none"> AEON Mall Taiping Tree Planting Ceremony held. 6,000 saplings were planted. AEON @ Quill City Mall opened.
	DECEMBER	<ul style="list-style-type: none"> AEON Rawang Anggun Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted. JUSCO Rawang (AEON Anggun Rawang Shopping Centre) opened. Disposal of Smart Wonder World (SWW) amusement business completed. 		NOVEMBER	<ul style="list-style-type: none"> AEON Taiping (AEON Mall Taiping) opened. AEON Index Living Mall opened the first store at IOI City Mall Putrajaya.
► 2012	FEBRUARY	<ul style="list-style-type: none"> AEON Ipoh Station 18 Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted. 		DECEMBER	<ul style="list-style-type: none"> Pasaraya MaxValu @ Gamuda Walk Kota Kemuning opened.
	MARCH	<ul style="list-style-type: none"> 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. 		APRIL	<ul style="list-style-type: none"> Launch of AEON Mall rebranding.
	MAY	<ul style="list-style-type: none"> Launch of first AEON Festival in conjunction with new AEON branding. Launch of AEON Malaysia Cheers Club. 		SEPTEMBER	<ul style="list-style-type: none"> AEON Mall Ipoh Klebang Tree Planting Ceremony held. 13,000 saplings were planted.
	NOVEMBER	<ul style="list-style-type: none"> AEON Seri Manjung Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted. 		OCTOBER	<ul style="list-style-type: none"> AEON Food Processing Centre opened. AEON Ipoh Klebang (AEON Mall Ipoh Klebang) opened.
	DECEMBER	<ul style="list-style-type: none"> AEON Seri Manjung (AEON Seri Manjung Shopping Centre) opened. 		NOVEMBER	<ul style="list-style-type: none"> Launch of www.shoppu.com.my.
	SEPTEMBER	<ul style="list-style-type: none"> Launch of AEON Business Academy. 			
► 2013	OCTOBER	<ul style="list-style-type: none"> AEON Mall Kulaijaya Tree Planting Ceremony held. 9,025 saplings were planted. 			
	NOVEMBER	<ul style="list-style-type: none"> AEON Kulaijaya (AEON Mall Kulaijaya) opened. 			

OUR
MILESTONES

► 2016	JANUARY	• AEON Mall Shah Alam Tree Planting Ceremony held. 13,048 saplings were planted.	► 2019	NOVEMBER	• AEON Mall Nilai Tree Planting Ceremony held. 10,000 saplings were planted. • AEON MaxValu Prime Section 17 Petaling Jaya opened.
	MARCH	• AEON Shah Alam (AEON Mall Shah Alam) opened. • AEON Index Living Mall opened in AEON Mall Shah Alam. • AEON Mall Kota Bharu Tree Planting Ceremony held. 13,000 saplings were planted.		JANUARY	• AEON Nilai (AEON Mall Nilai) opened.
	APRIL	• AEON Kota Bharu (AEON Mall Kota Bharu) opened. • AEON Index Living Mall opened in AEON Mall Kota Bharu. • Pasaraya MaxValu Damansara Damai closed.		MAY	• AEON Bandar Utama General Merchandise Store reopened.
	SEPTEMBER	• AEON Ipoh Falim opened.		AUGUST	• AEON Taman Maluri Supermarket reopened.
	OCTOBER	• Pasaraya MaxValu Ampang closed.		SEPTEMBER	• 35 th Anniversary Tree Planting programme in Bidor, Perak. 10,000 saplings were planted.
	DECEMBER	• AEON MaxValu Prime Sunway Velocity opened.		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.
► 2017	MARCH	• Rocky BaseCamp opened in AEON Mall Shah Alam. • AEON Index Living Mall opened in AEON Mall Tebrau City.	► 2020	DECEMBER	• AEON Danga Bay, Johor Bahru opened.
	AUGUST	• AEON Mall Bandar Dato' Onn Tree Planting Ceremony held. 10,075 saplings were planted.		MARCH	• Launch of AEON Drive Thru Platform & AEON Personal Shopper.
	SEPTEMBER	• AEON Bandar Dato' Onn (AEON Mall Bandar Dato' Onn) opened.		APRIL	• Launch of AEON Home Delivery.
	OCTOBER	• Rocky BaseCamp opened in AEON Mall Tebrau City.		MAY	• Berkah Ramadan Campaign. Target RM1 million chicken sales. Raised RM1.4 million.
	DECEMBER	• Index Living Mall Malaysia Sdn. Bhd. (formerly known as AEON Index Living Sdn. Bhd.) became an associate after shareholding restructuring.		JUNE	• Pilot of AEON Online 626 Market Place.
► 2018	JANUARY	• Launch of online delivery services with Honestbee. • AEON MaxValu Prime Evo Bangi opened.		AUGUST	• Launch of AEON Rider. • Launch of AEON Employee platform.
	FEBRUARY	• AEON MaxValu Prime Sphere Bangsar South opened.		SEPTEMBER	• Kita Merdeka Telemovie and Ayuh Kita Merdeka song.
	MARCH	• AEON Mall Kuching Central Tree Planting Ceremony held. 500 saplings were planted.		OCTOBER	• Launch of fresh.myaeon.com.my.
	APRIL	• AEON Kuching Central (AEON Mall Kuching Central) opened.		NOVEMBER	• Mak Cun Anjung Orang Kita Telemovie. • Launch of myaeon-sg.com. • Launch of A2B portal. • Launch of Business Enabler Solution POS.
	OCTOBER	• Air On Park opened in AEON Mall Shah Alam. • AEON Quill City remodelled. • Index Living Mall Malaysia Sdn. Bhd. ceased operation.		DECEMBER	• Daiso Kuala Terengganu City Centre opened. • Launch of MyAEON super apps.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-Sixth Annual General Meeting of the 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 : TIIH Online website at <https://tiih.online>

Day and Date : Wednesday, 23 June 2021

Time : 10.00 a.m.

Broadcast Venue : Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan

Mode of Communication : Shareholders may submit questions to the Board of Directors prior to the 36th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than 10.00 a.m. on Monday, 21 June 2021 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 2020 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 1.50 sen per ordinary share in respect of the financial year ended 31 December 2020. **Ordinary Resolution 1**
3. To approve the aggregate Directors' fees of the Company of RM1,095,984 for the financial year ended 31 December 2020. **Ordinary Resolution 2**
4. To approve the benefits payable to the Directors of the Company of up to RM350,000 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) Encik Shafie bin Shamsuddin **Ordinary Resolution 5**
 - (iii) Datuk Syed Ahmad Helmy bin Syed Ahmad **Ordinary Resolution 6**
 - (iv) Dato' Tunku Putra Badlishah Ibni Tunku Annuar **Ordinary Resolution 7**
 - (v) Encik Abdul Rahim bin Abdul Hamid **Ordinary Resolution 8**
 - (vi) Ms Chong Swee Ying **Ordinary Resolution 9**
6. To re-elect the following Directors who are retiring under Article 80 of the Articles of Association of the Company:
 - (i) Mr Soichi Okazaki **Ordinary Resolution 10**
 - (ii) Mr Tsutomu Motomura **Ordinary Resolution 11**

NOTICE OF ANNUAL GENERAL MEETING

7. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 12

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 25 May 2021 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 13

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Thirty-Sixth Annual General Meeting, a final dividend of 1.50 sen per ordinary share in respect of the financial year ended 31 December 2020 will be paid to shareholders on 29 July 2021. The entitlement date for the said dividend shall be 15 July 2021.

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 15 July 2021 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 (MAICSA 7009143)

TAN AI NING (MAICSA 7015852)

Company Secretaries

Date: 25 May 2021

NOTES:

1. In view of the COVID-19 pandemic and Government of Malaysia's official guidance on social distancing, the 36th 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 36th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 36th 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 36th 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 36th AGM.

NOTICE OF ANNUAL GENERAL MEETING

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, 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, 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>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.

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, 21 June 2021 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, 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, 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, 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, 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 2021 (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.

NOTICE OF ANNUAL GENERAL MEETING

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 13 on the Proposed Shareholders' Mandate

The Ordinary Resolution 13 proposed, if passed, will empower the Directors from the date of the Thirty-Sixth 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 25 May 2021, 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 36TH ANNUAL GENERAL MEETING (36TH AGM)

AEON CO. (M) BHD.

Date & Time	: Wednesday, 23 June 2021, 10.00 a.m.
Broadcast Venue	: Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur.

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 36th AGM. Hence, **NO SHAREHOLDERS/PROXIES** from the public will be physically present at the Venue on the day of the 36th AGM. Shareholders will have to register to attend the 36th 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 36th Annual General Meeting ("AGM") scheduled on 23 June 2021 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 Annual General Meeting ("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 36th AGM via the RPV facilities which are available on Tricor's TIIH online website at <https://tiah.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. Should you require any assistance on the RPV facilities, kindly contact our Share Registrar, Tricor.

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 36th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiah.online>.

Shareholders who appoint proxies to participate via RPV in the 36th 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, 21 June 2021 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, 21 June 2021 at 10.00 a.m.** to participate via RPV in the 36th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Monday, 21 June 2021 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://tiah.online>.

As the 36th 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 36TH ANNUAL GENERAL MEETING (36TH AGM)

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

PROCEDURES	ACTIONS
BEFORE THE DAY OF THE AGM	
1. Register as a user with TIH 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. Registration as a user will be apprised within one (1) working day and you will be notified via e-mail. If you are already a user with TIH 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 TIH Online.
2. Submit your request	<ul style="list-style-type: none"> Registration is open from 10.00 a.m. Tuesday, 25 May 2021 until the day of AGM Wednesday, 23 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate in the AGM using the RPV. Login in with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) AEON 36TH 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 2021, the system will send you an e-mail after 21 June 2021 to approve or reject your registration for remote participation.
ON THE DAY OF THE AGM (WEDNESDAY, 23 JUNE 2021)	
3. Login to TIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 36th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the AGM on Wednesday, 23 June 2021 at 10.00 a.m.
4. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) AEON 36TH AGM” to engage in the proceedings of the 36th 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 36th AGM.

ADMINISTRATIVE DETAILS

FOR THE 36TH ANNUAL GENERAL MEETING (36TH AGM)

PROCEDURES	ACTIONS
5. Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Wednesday, 23 June 2021 until a time when the Chairman announces the completion of the voting session of the 36th AGM. Select the corporate event: “(REMOTE VOTING) AEON 36TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. 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 36 th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

- 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 TIH Online on the day of meeting will indicate your presence at the virtual meeting.
- 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.
- 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 011-4080 5616/011-4080 3168/011-4080 3169/011-4080 3170 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 **TIH Online** website are summarised below:

PROCEDURE	ACTION
I. STEPS FOR INDIVIDUAL SHAREHOLDERS	
a. Register as a User with TIH 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 TIH 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: “AEON 36th AGM - 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(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.

ADMINISTRATIVE DETAILS

FOR THE 36TH ANNUAL GENERAL MEETING (36TH AGM)

PROCEDURE	ACTION
	<ul style="list-style-type: none"> Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(ies) appointment. Print proxy form for your record.
II. STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS	
c. Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
d. Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: "AEON 36th AGM: Submission of Proxy Form". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate exercise name: "AEON 36th AGM 2021: Submission of Proxy Form". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

PROXY

- The 36th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on Wednesday, 23 June 2021, you may appoint the Chairman of the 36th 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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, 21 June 2021. Please do read and follow the above procedures to submit Proxy Form electronically.

ADMINISTRATIVE DETAILS

FOR THE 36TH ANNUAL GENERAL MEETING (36TH AGM)

POLL VOTING

- The voting at the 36th 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 36th 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 TIIH Online website at <https://tiih.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 2021 (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.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARDS OF DIRECTORS

- Shareholders may submit questions for the Boards in advance of the 36th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 21 June 2021 at 10.00 a.m.**. The Boards will endeavor to answer the questions received at the 36th AGM.

NO REFRESHMENT AND NO DOOR GIFTS

- There will be **no distribution of refreshment/door gifts** during the 36th 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 36th 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
: Pn Azizah Kadir	▶ +603 2783 9260/Email : Azizah@my.tricorglobal.com
: En Zulkifli Mohd Yusof	▶ +603 2783 9249/Email : Zulkifli@my.tricorglobal.com

2. AEON CO. (M) BHD.

Telephone : Ms Margaret Lee	▶ +6012 378 0813/Email : margaret.lly@aeonretail.com.my
Cik Hamidah Bohri	▶ +6017 674 5286/Email : hamidah.bohri@aeonretail.com.my

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)
 and 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-Sixth Annual General Meeting of the Company, to be conducted fully virtual at the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur on Wednesday, 23 June 2021 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 1.50 sen per ordinary share in respect of the financial year ended 31 December 2020		
Ordinary Resolution 2	To approve the aggregate Directors' fees of the Company of RM1,095,984 for the financial year ended 31 December 2020		
Ordinary Resolution 3	To approve the benefits payable to the Directors of the Company of up to RM350,000 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 Encik Shafie bin Shamsuddin as Director		
Ordinary Resolution 6	To re-elect Datuk Syed Ahmad Helmy bin Syed Ahmad as Director		
Ordinary Resolution 7	To re-elect Dato' Tunku Putra Badlishah Ibni Tunku Annuar as Director		
Ordinary Resolution 8	To re-elect Encik Abdul Rahim bin Abdul Hamid as Director		
Ordinary Resolution 9	To re-elect Ms Chong Swee Ying as Director		
Ordinary Resolution 10	To re-elect Mr Soichi Okazaki as Director		
Ordinary Resolution 11	To re-elect Mr Tsutomu Motomura as Director		
Ordinary Resolution 12	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
Ordinary Resolution 13	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.]

Signature of Shareholder or Common Seal

Dated this _____ day of _____, 2021

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100 %

Note:

1. In view of the COVID-19 pandemic and Government of Malaysia's official guidance on social distancing, the 36th 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 36th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 36th 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://tiah.online> prior to the 36th 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 TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Details for the 36th 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, 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, Malaysia.

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**AFFIX
STAMP**

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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(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIH Online.

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, 21 June 2021 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, 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, 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, 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, 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 2021 (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 25 May 2021.

www.aeonretail.com.my
www.facebook.com/aeonretail.my



AEON CO. (M) BHD.

REGISTRATION NO. 198401014370 (126926-H)

3rd Floor, AEON Taman Maluri Shopping Centre
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55100 Kuala Lumpur, Malaysia

Tel: +603-9207 2005

Fax: +603-9207 2006/2007

AEON Careline: 1-300-80-AEON(2366)