

## **Minutes of the Annual General Meeting of Shareholders for the Year 2013**

**of**

### **AEON Thana Sinsap (Thailand) Public Company Limited**

The Meeting was held on June 18, 2013 at 10:00 a.m. at Ballroom 1, Sofitel Bangkok Sukhumvit Hotel, No. 189 Sukhumvit Road Soi 13-15, Klongtoey Nua, Wattana, Bangkok.

There were 10 directors attending the Annual General Meeting of Shareholders for the year 2013 as follows:

- |                                    |  |
|------------------------------------|--|
| 1. Mr. Yasuhiko Kondo              | Vice Chairman of the Board and Managing Director     |
| 2. Mrs. Suporn Wattanavekin        | Director   |
| 3. Miss Kannika Kursirikul         | Director   |
| 4. Mrs. Jiraporn Kongcharoenwanich | Director   |
| 5. Mr. Jun Suzuki                  | Director   |
| 6. Mr. Shiro Ishida                | Director   |
| 7. Mr. Noppun Muangkote            | Independent Director and Chairman of Audit Committee |
| 8. Mr. Dej Bulsuk                  | Independent Director and Audit Committee Member      |
| 9. Mr. Shunichi Kobayashi          | Independent Director and Audit Committee Member      |
| 10. Dr. Sucharit Koontanakulvong   | Independent Director                                 |

Mr. Yasuhiko Kondo, Vice Chairman of the Board and Managing Director, presided as Chairman of the Meeting and conducted the Meeting in English, whilst Mrs. Suporn Wattanavekin, Director, conducted the Meeting in Thai.

There were 113 shareholders attending the Meeting in person and 165 shareholders represented by proxies. Therefore, 278 shareholders in total, holding altogether of 226,199,941 shares or 90.48% of the total number of 250,000,000 paid up shares, were attending the Meeting whereby a quorum of the Meeting was constituted. The Chairman declared the Meeting open and conducted business.

The Chairman introduced directors, independent directors, auditor and lawyer to the shareholders attending the Meeting. After that, Miss Supanee Asawasuwana, the Company Secretary, explained voting procedures to the Meeting.

#### **1. Approval and adoption of the Minutes of the Extraordinary General Meeting of Shareholders No. 1/2012**

The Chairman proposed that the Meeting consider and approve the Minutes of the Extraordinary General Meeting of Shareholders No. 1/2012, which was held on August 10, 2012, as per the details in the copy of the Minutes which was delivered to the shareholders prior to the Meeting.

No shareholder raised question.

In this agenda, 7 additional shareholders attending the Meeting in person, holding 2,248 shares and 4 additional shareholders represented by proxies, holding 1,360 shares joined during the proceeding of the Meeting. There were therefore 120 shareholders attending the Meeting in person and 169 shareholders represented by proxies, totalling 289 shareholders, holding altogether of 226,203,549 shares or 90.48% of the total number of the paid up shares.

The Meeting considered the matter and cast votes. There were 226,203,549 affirmative votes with no objection or abstention.

**Resolution:** Upon due consideration, the Meeting unanimously resolved to approve and adopt the Minutes of the Extraordinary General Meeting of Shareholders No. 1/2012 as proposed by the Chairman.

2. **Acknowledgement of the annual report, the Company's operating results for the fiscal year 2012 and approval of the audited financial statements for the fiscal year ended February 20, 2013**

The Chairman, on behalf of the Board of Directors, reported to the Meeting with respect to the Company's performance in the fiscal year ended February 20, 2013 and then proposed that the Meeting consider and acknowledge the annual report and the operating results for the fiscal year ended February 20, 2013 of the Company, as detailed in the annual report of the Company.

Moreover, the Chairman proposed that the Meeting consider and approve the audited financial statements of the Company for the fiscal year ended February 20, 2013. Details of which are as shown in the annual report of the Company.

After that, the Chairman gave an opportunity to the shareholders to ask questions about the annual report, operating results and the audited financial statements of the Company for the fiscal year ended February 20, 2013.

The shareholders raised questions at the Meeting and the directors and the managements of the Company provided answers as below:

**Shareholder (Mr. Supot Ueachailertkul) :** I appreciate the Management and the personnel of the Company who nurture the continuous growth of the Company. I would propose to arrange card acquisition booth in front of the meeting room to facilitate the shareholders who wish to apply for credit cards and to promote marketing campaigns of the Company. In this regard, I would wish to know the benefits derived from the acquisition of shares in ACS Servicing (Thailand) Co., Ltd., ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life



Insurance Broker (Thailand) Co., Ltd. from August 2012 until now in terms of synergy and future trend.

**Director (Mrs. Suporn Wattanavekin) :** Having ACS Servicing (Thailand) Co., Ltd., the debt collection company, and ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd., the insurance brokerage companies, as the Company's subsidiaries would be in the similar structure as AEON Financial Service Co., Ltd. who has debt collection company and insurance brokerage company as subsidiaries. AEON group companies in every country adopt the same policy. As to the progress of the acquisition of shares in ACS Servicing (Thailand) Co., Ltd., ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd., ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd. are in the amalgamation process which is expected to complete on July 1, 2013. The amalgamation would be beneficial in terms of Customer Relation Management (CRM), that is the customer database which is currently retained separately will be retained together, resulting in reduced operation cost. ACS Servicing (Thailand) Co., Ltd. is during adaptation period to proceed and utilize the database of the Company, as well as comply with Corporate Governance.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to Annex 1 (Minutes of the Extraordinary General Meeting of Shareholders No. 1/2012) page 16 on my question concerning MaxValu and Jusco (AEON (Thailand) Co., Ltd.). Is AEON (Thailand) Co., Ltd. profitable and how is its business direction? If not, would the Company be required to set up additional allowance for impairment of assets?

**Director (Miss Kannika Kursirikul) :** In the past fiscal year, AEON (Thailand) Co., Ltd. is profitable. In this regard, the Company has set up allowance for impairment of assets totally 8.5 million baht. The Company could not however record profit in the financial statement until the Company disposes of the shares of AEON (Thailand) Co., Ltd.

**Shareholder (Miss Nuntawan Wongnitiphat) :** How does the Company plan to improve collection result of bad debts and manage bad debts?

**Management of Collection Department (Miss Suriporn Thammawatid) :** Debt collection performance in the fiscal year ended February 20, 2013 complies with the debt collection policy of the Company. As to the uncollectible debts such as written-off debts, the Company engages outsource debt collection companies for debt collection service whereby ACS Servicing (Thailand) Co., Ltd. is one of our outsource debt collection companies.

**Shareholder (Mr. Thada Sukho) :** What is the criteria for setting allowance for doubtful accounts of the Company? Is it set in percentage of the total outstanding balance? How many percentage are the accounts of more than 3-month delinquency? How many active credit card accounts and personal accounts are there in the Company?

**Director (Miss Kannika Kursirikul) :** Policy on setting allowance for doubtful accounts of the Company is based on individual customer, not in percentage of the total outstanding balance. Allowance for doubtful accounts will be set at 100% of the outstanding balance of the delinquency accounts of 3 months and longer. Moreover, the Company will set additional allowance for doubtful accounts for the restructured accounts receivable which are not delinquent and which are 1-2 month delinquent according to the debt collection statistics of each type of credit in the Company's record. The delinquency accounts of 3 months and longer as at the end of the fiscal year on February 20, 2013 are 2.59% of the total accounts with outstanding balance.

**Management of Marketing Department (Mr. Nuntawat Chotvijit) :** The Company has active credit card accounts and personal loan accounts in aggregate approximately 3 million accounts.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to page 12 of the financial statements for the fiscal year ended February 20, 2013. Why was the Cash paid for purchases of temporary investments increased from 250 million baht in the fiscal year ended February 20, 2012 to 1,550 million baht in the fiscal year ended February 20, 2013? What are the securities that the Cash paid for purchases of temporary investments was used to invest in?

**Director (Miss Kannika Kursirikul) :** Cash paid for purchases of temporary investments amounted to 1,550 million baht due to Eternal 5 Special Purpose Vehicle Company Limited, the Company's subsidiary, making investment in form of fixed deposit in order to earn interest with the aim to collect money for redemption of bonds issued by it.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to page 11 of the financial statements for the fiscal year ended February 20, 2013. The Net cash used in operating activities was increased from approximately 2,100 million baht in the fiscal year ended February 20, 2012 to 4,800 million baht in the fiscal year ended February 20, 2013. What was the cash spent for?

**Director (Miss Kannika Kursirikul) :** The said amount of cash was spent mainly for granting credit facilities to customers.



**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to page 11 of the financial statements for the fiscal year ended February 20, 2013. Why is the Interest income, as restated, in blanket?

**Director (Miss Kannika Kursirikul) :** The reason why the restated Interest income is in blanket is that the Company has not yet received the Interest income in cash, but only is entitled to receive it on an accrual basis. The blanket indicates that the Interest income is to be deducted from the cash flows as the Statements of Cash Flows must reflect the amount of cash actually received by the Company.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to page 61 of the financial statements for the fiscal year ended February 20, 2013 in Item 27 (Revenue relating to securitization transaction). Why was the Dividend from investment in Special Purpose Vehicle increased from approximately 281 million baht in the fiscal year ended February 20, 2012 to approximately 488 million baht in the fiscal year ended February 20, 2013? What is special purpose vehicle?

**Director (Miss Kannika Kursirikul) :** Special purpose vehicle is a company established to run securitization project for the purpose of fund mobilization. The Dividend from investment in Special Purpose Vehicle was increased because the credit card debts sold to the special purpose vehicle were increased corresponding to the increase of credit card usage. So revenue and net profits of the special purpose vehicle were increased and the dividends paid to the Company were thereby increased.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to pages 3, 4 and 5 of the financial statements for the fiscal year ended February 20, 2013. Why were the financial statements restated?

**Director (Miss Kannika Kursirikul) :** The financial statements were restated because the Company acquired shares in ACS Servicing (Thailand) Co., Ltd., ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd. According to the accounting standard, in order that the financial statements reflect the financial position of the Company and other companies under common control and for effective comparison of operating results, the Company is required to have the statements of financial position restated for 3 years and the statements of income restated for 2 years.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** Does the acquisition of shares in ACS Servicing (Thailand) Co., Ltd., ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd. affect net income of the Company?

**Director (Miss Kannika Kursirikul) :** Acquisition of shares in those three companies resulted in the net income of the Company being increased.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** Was the increased net income included in calculating dividend?

**Director (Miss Kannika Kursirikul) :** The increased net income was included in calculating dividend as the Company has the policy to pay dividend from the consolidated financial statements.

**Shareholder (Mr. Rittichai Yibcharoenporn) :** Revenue from personal loan business was increased from approximately 4,000 million baht to approximately 6,000 million baht. Please explain where the revenue came from and what the Company had done? Also, please explain the method of selling insurance in competing with other competitors?

**Management of Marketing Department (Mr. Nuntawat Chotvijit) :** In the fiscal year ended February 20, 2013, the Company had expanded portfolio, especially to personal loan customer group, together with the launch of minimum wage policy of the government that the customers earn more income making their credit facility increase correspondingly. The Company has also increased the number of branches to facilitate credit facility service to the customers. In the said fiscal year, the Company's income had considerably grew mainly from revolving loan, and the rest is from installment loan.

**Director of ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd. (Mr. Sakarabhop Dhivarakara) :** ACS Insurance Broker (Thailand) Co., Ltd. and ACS Life Insurance Broker (Thailand) Co., Ltd. sell insurance products using the Company's database as the main resource and are currently expanding from individual customers to corporate customers. Offering insurance products can be made by face-to-face selling at over 100 branches of the Company nationwide and telemarketing using credit card database of the Company. Like other financial institutions, direct debit of insurance premium via credit card is also possible.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** In the fiscal year ended February 20, 2013, how much were written-off bad debts sold to ACS Servicing (Thailand) Co., Ltd.? How much could ACS Servicing (Thailand) Co., Ltd. collect from those bad debts?

**Director (Mrs. Suporn Wattanavekin) :** The Company did not sell any debts to ACS Servicing (Thailand) Co., Ltd. ACS Servicing (Thailand) Co., Ltd. is merely acting as debt collection service provider and is entitled to receive service fees. The bad debts are still in the Company's portfolio.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** In the fiscal year ended February 20, 2013, how much were written-off bad debts? How much could the Company collect?



**Director (Miss Kannika Kursirikul) :** In the fiscal year ended February 20, 2013, the Company wrote off bad debts of 4,003 million baht, 18% of which could be collected back as bad debt recovery.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** In the fiscal year ended February 20, 2013, why were the bad debts written-off as much as 4,003 million baht?

**Director (Miss Kannika Kursirikul) :** This is because the portfolio and total sales of the Company grew significantly comparing with those of the fiscal year ended February 20, 2012. However, the proportion of delinquency debts of 3 months and longer to total accounts receivable is lower than that of the fiscal year ended February 20, 2012.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** What are the types of personal loan of the Company? Does the Company grant loan for purchasing car under the first-car policy of the government?

**Management of Marketing Department (Mr. Nuntawat Chotvijit) :** The Company provides 2 types of personal loan, i.e. close-ended loan and revolving loan. The revolving loan is granted to support daily life expenditure only. The Company does not provide loan for purchasing car under the first-car policy of the government.

**Shareholder (Anonymous) :** Please explain outcome of the synergy between the Company and Thai Airways International Public Company Limited in issuing AEON Royal Orchid Plus Platinum card?

**Management of Marketing Department (Mr. Nuntawat Chotvijit) :** During the past 20 years, customers of the Company are mainly in the middle to low income earners. In the fiscal year ended February 20, 2013, the Company is desirous to expand the customer base by cooperating with Thai Airways International Public Company Limited to issue AEON Royal Orchid Plus Platinum card. The synergy benefits both parties, that is Thai Airways International Public Company Limited can expand their customer base to middle income earners and those who wish to travel domestically, which are in plenty number in the Company's database, while the Company gains better brand image and can expand the customer base to higher income group.

In this agenda, 15 additional shareholders attending the Meeting in person, holding 51,302 shares and 17 additional shareholders represented by proxies, holding 5,505 shares joined during the proceeding of the Meeting. There were therefore 135 shareholders attending the Meeting in person and 186 shareholders represented by proxies, totalling 321 shareholders, holding altogether of 226,260,356 shares or 90.50% of the total number of the paid up shares.

The Meeting considered the matter and cast votes. There were 226,260,356 affirmative votes with no objection or abstention.

**Resolution:** Upon due consideration, the Meeting acknowledged the annual report and the report by the Board of Directors as proposed by the Chairman, and unanimously resolved to approve the audited financial statements of the Company for the fiscal year ended February 20, 2013 as proposed by the Chairman.

3. **Acknowledgement of the payment of interim dividend and consideration and approval of the allocation of the profit and declaration of final dividend payment for the fiscal year ended February 20, 2013**

The Chairman informed the Meeting that in the fiscal year ended February 20, 2013, the Company had a net profit attributable to owners of the parent in an amount of 1,688,465,781 baht.

Referring to the performance of the fiscal year 2012, the Board of Directors deemed it appropriate to pay final dividend for the second half of the fiscal year 2012 in an amount of 1.85 baht per share to the shareholders, which includes special dividend of 0.40 baht per share for celebration of the 20<sup>th</sup> anniversary of the Company. The dividend will be paid on June 27, 2013. This is in addition to the interim dividend that was paid at 1.15 baht per share on October 22, 2012. Therefore, the total amount of dividend paid in the fiscal year ended February 20, 2013 shall be 3.00 baht per share, which is in accordance with the Company's policy to pay out dividend not lower than 30% of the Company's consolidated net profit after deduction of all categories of reserves as specified in the Company's regulations and applicable laws.

The shareholder raised questions at the Meeting and the director of the Company provided answers as follows:

**Shareholder (Mr. Sakchai Sakulsrimontri) :** Why does the Company have to appropriate reserve for business expansion in a large amount resulting in the reserve for business expansion being increased every year?

**Director (Miss Kannika Kursirikul) :** The Company does not request for approval of appropriation of the reserve for business expansion in the fiscal year ended February 20, 2014. The appropriated reserve for business expansion was spent on, for example fixed asset acquisition and computer system development. The said appropriation of reserve lessens the Company's borrowing resulting in lower cost of funds and interest obligation payable by the Company, whilst increases liquidity in business operation.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** Is the appropriated reserve for business expansion to be pledged as collateral for the loans borrowed from financial institutions?



**Director (Miss Kannika Kursirikul) :** The appropriated reserve for business expansion is not to be pledged as collateral for the loans borrowed from financial institutions. Opposedly, it decreases borrowing from the financial institutions.

The Meeting considered the matter and cast votes. There were 226,260,356 affirmative votes with no objection or abstention.

**Resolution:** Upon due consideration, the Meeting acknowledged the interim dividend payment and unanimously resolved to declare the final dividend payment to the shareholders as proposed by the Chairman in all respects.

4. **Consideration and approval of the appointment of directors for the replacement of the directors who vacated office by rotation and appointment of a new director**

The Chairman informed the Meeting that under the Company's Articles of Association, one-third of the directors are due to retire at each Annual General Meeting of Shareholders. At this time, 4 directors shall retire by rotation, namely:

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|---------------------------------|--|
| 1. Mr. Kazuhide Kamitani        | Chairman of the Board                            |
| 2. Mr. Yasuhiko Kondo           | Vice Chairman of the Board and Managing Director |
| 3. Mr. Shunichi Kobayashi       | Independent Director and Audit Committee         |
| 4. Dr. Sucharit Koontanakulvong | Independent Director                             |

Mr. Kazuhide Kamitani shall vacate his position due to tight business schedules. Because the other three persons are knowledgeable and capable persons, the Chairman then proposed to the Meeting that it was deemed appropriate to re-appoint those three persons to serve as the Company's directors for another term.

Moreover, the Board of Directors proposed the Meeting to appoint Mr. Masanori Kosaka who have working experience in AEON Financial Service Co., Ltd. to be a new director of the Company.

As such, persons to be elected as directors to replace directors retiring by rotation and person to be appointed as a new director are as indicated below.

1. Mr. Yasuhiko Kondo
2. Mr. Shunichi Kobayashi
3. Dr. Sucharit Koontanakulvong
4. Mr. Masanori Kosaka

No shareholder raised question.

The Meeting considered the matter and cast votes to appoint all the directors for the replacement of the directors who vacated office by rotation and to appoint a new director at once as follows:

1. Mr. Yasuhiko Kondo	Approved	226,258,360	votes
	Disapproved	0	votes
	Abstained	1,996	votes
	Invalid	0	votes
2. Mr. Shunichi Kobayashi	Approved	226,138,360	votes
	Disapproved	120,000	votes
	Abstained	1,996	votes
	Invalid	0	votes
3. Dr. Sucharit Koontanakulvong	Approved	226,258,360	votes
	Disapproved	0	votes
	Abstained	1,996	votes
	Invalid	0	votes
4. Mr. Masanori Kosaka	Approved	226,208,360	votes
	Disapproved	0	votes
	Abstained	51,996	votes
	Invalid	0	votes

No shareholder raised question.

**Resolution:** Upon due consideration, the Meeting resolved by majority votes to appoint Mr. Yasuhiko Kondo, Mr. Shunichi Kobayashi, Dr. Sucharit Koontanakulvong and Mr. Masanori Kosaka to be directors of the Company as proposed by the Chairman in all respects.

#### 5. **Consideration and approval of the remuneration of directors of the Company**

The Chairman proposed that the Meeting consider and approve the remuneration of the directors for the fiscal year ended February 20, 2014 in an amount not more than 13,000,000 baht which is the same amount as that of the fiscal year ended February 20, 2013.

The shareholders raised questions at the Meeting and the directors of the Company provided answers as follows:

**Shareholder (Mr. Thongchai Lakkanavisit) :** Why does the remuneration of directors remain unchanged?

**Director (Mrs. Suporn Wattanavekin) :** The remuneration of directors has remained unchanged for over 10 years probably because of the policy of the parent company in Japan.

**Shareholder (Mr. Sakchai Sakulsrinontri) :** In the fiscal year ended February 20, 2013, which corporate income tax rate is the Company subject to, 23% or 20%?



**Director (Miss Kannika Kursirikul) :** In the fiscal year ended February 20, 2013, the Company was subject to corporate income tax rate of 23%. Meanwhile, in the fiscal year ended February 20, 2014, the Company is subject to the corporate income tax rate of 20%.

The Meeting considered the matter and cast votes. There were 226,260,356 affirmative votes with no objection or abstention.

**Resolution:** Upon due consideration, the Meeting resolved by votes of not less than two-thirds of all votes of the shareholders attending the Meeting to determine the remuneration of the directors for the fiscal year ended February 20, 2014 as proposed by the Chairman in all respects.

**6. Consideration and approval of the appointment of the auditors and determination of the audit fee for the fiscal year ended February 20, 2014**

At the request of the Chairman, the Company Secretary, informed the Meeting that in order to comply with Section 120 of the Public Limited Companies Act B.E. 2535 and Article 36 of the Articles of Association of the Company, the appointment of auditor and determination of audit fee shall be approved by the Annual General Meeting of Shareholders. Accordingly, the Chairman proposed that the Meeting consider to appoint auditors for the fiscal year ended February 20, 2014 as follows:

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|-----------------------------------|------------------------------|
| 1. Dr. Suphamit Techamontrikul    | CPA registration number 3356 |
| 2. Mr. Permsak Wongpatcharapakorn | CPA registration number 3427 |
| 3. Mr. Chavala Tienpasertkij      | CPA registration number 4301 |

All of whom are auditors from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be the Company's auditors for the fiscal year ended February 20, 2014. Any one of these auditors is authorized to audit, perform, express opinion and/or sign on the financial statements of the Company, audit report and/or any other relevant document.

In addition, the Chairman proposed that the Meeting consider the determination of the audit fee for the fiscal year ended February 20, 2014 in an amount not more than 5,300,000 baht and other miscellaneous expenses in an amount not more than 300,000 baht.

The shareholders raised questions at the Meeting and the directors and the auditor provided answers as follows:

**Shareholder (Mr. Thongchai Lakkanavisit) :** Why does the fiscal year of the Company differ from that of the other companies?

**Director (Mr. Jun Suzuki) :** It is because the parent company of the Company who had initially founded retail business perceived the least number of inventory around the 20<sup>th</sup> day of February every year. Following the parent company, February 20 is set to be the fiscal year end date of the Company ever since.

**Shareholder (Mr. Thongchai Lakkanavisit) :** Is it possible for the Company to set February 28 or March 31 as the fiscal year end date?

**Director (Mrs. Suporn Wattanavekin) :** The Company shall deliberately take into consideration as there is a complication in consolidating the financial statements of the Company with those of the subsidiaries’.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** Whilst the audit fee is increased 100,000 baht, why are the miscellaneous expenses increased to be 300,000 baht. In addition, Mr. Niti Jungnitnirundr had been the auditor certifying financial statements of the Company for the past several fiscal years. Why does the Company change the certifying auditor in the fiscal year ended February 20, 2014?

**Auditor (Mr. Niti Jungnitnirundr) :** This is because the Company has subsidiaries in foreign countries, such as Cambodia, Laos and Myanmar, where the auditor may have to visit and coordinate with staffs and auditor of those subsidiaries and incurs additional expenses thereby. Hence, it is necessary to reserve the said miscellaneous expenses though they may not actually occur. The Company changes the certifying auditor in pursuant to the Notification of the Securities and Exchange Commission requiring the listed company to change the certifying auditor at least every 5 fiscal years. As I myself had been certifying the financial statements of the Company for 5 fiscal years consecutively, another certifying auditor shall take up my role.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** Does the proposed audit fee include audit of the foreign subsidiaries of the Company?

**Auditor (Mr. Niti Jungnitnirundr) :** The foreign subsidiaries of the Company have their own auditors. Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. will deliver audit guidelines to the auditor of each subsidiary and may require information from them for the purpose of consolidation of the financial statements. The proposed audit fee includes consolidation of the financial statements.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to page 3 of the financial statements for the fiscal year ended February 20, 2013 in which the auditor mentions “Emphasis of Matter”. Please explain.

**Auditor (Mr. Niti Jungnitnirundr) :** In case the auditor deems that there is any significant matter occurred to the Company which should be made aware to the shareholders, the auditor will mention the said matter under the heading “Emphasis of Matter” in the last part of the report of the independent certified public accountants in



accordance with the auditor's reporting standard. In the fiscal year ended February 20, 2013, the Company's acquisition of shares of 3 subsidiaries causing the addition of the subsidiaries section in the Company's financial statements and therefore affecting the figures used for comparison.

In this agenda, 1 additional shareholder attending the Meeting in person, holding 700 shares joined during the proceeding of the Meeting. There were therefore 136 shareholders attending the Meeting in person and 186 shareholders represented by proxies, totalling 322 shareholders, holding altogether of 226,261,056 shares or 90.50% of the total number of the paid up shares.

The Meeting considered the matter and cast votes. There were 226,261,056 affirmative votes with no objection or abstention.

**Resolution:** Upon due consideration, the Meeting unanimously resolved to appoint the auditors and determine the audit fee of the Company's auditors as proposed by the Chairman.

#### **7. Other business**

The Chairman asked the Meeting if the shareholders would propose any other matters for consideration and gave a chance to the shareholders to raise further questions.

**Shareholder (Mr. Nuttakit Suntonbura and Mr. Thisit Simaphatthanaphong) :** Please explain the progress of the foreign subsidiaries established in the AEC countries, namely Vietnam, Cambodia and Laos as to their operating result and future plan.

**Director of AEON Microfinance (Cambodia) Private Company Limited (Mr. Daisuke Maeda) :** AEON Microfinance (Cambodia) Private Company Limited has started installment loan service since December 2011 which has now been approximately 1 and a half year. Currently, there are monthly sales of around 1 million US dollars and 2,000 loan applications per month. Sales are growing every month. Last year, the total sales amounted to approximately 3 million US dollars, while the sales target of this year is 8 million US dollars in approximate.

**Representative of AEON Microfinance (Myanmar) Company Limited (Mr. Akihiro Murao) :** AEON Microfinance (Myanmar) Company Limited started installment loan business on June 5, 2013 under the microfinance business license, with the head office established in Yangon. Currently, there are 70 dealers and we have the target to expand to be 450 dealers within the end of this year. AEON Microfinance (Myanmar) Company Limited will put our best effort to make profits from the retail finance market in Myanmar.

**Director of AEON Leasing Service (Lao) Company Limited (Mr. Shiro Kitano) :** AEON Leasing Service (Lao) Company Limited obtained a temporary license in April 2013 and is currently in the process of applying for leasing business license in order to operate hire purchase business.

**Director (Mr. Yasuhiko Kondo) :** The business of ACS Trading Vietnam Co., Ltd., in which the Company has invested, has been growing continually with the monthly net profits of approximately 500,000 baht.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** I am referring to page 7 of the financial statements for the fiscal year ended February 20, 2013 regarding Actuarial loss from actuarial assumptions net income tax amounting 5.465 million baht which is stated as loss. Please explain and also explain why there was no figure of such item in the fiscal year ended February 20, 2012.

**Director (Miss Kannika Kursirikul) :** Actuarial assumptions net income tax are assumptions on employee benefits in case of retirement or disemployment in advance according to the accounting standards. Under the actuarial assumptions net income tax, turnover rate of the employees, or employee resignation rate, and salary increment rate shall be applied as the basis in calculating assumed employee benefits. In the fiscal year ended February 20, 2013, the lower turnover rate of the employees, the higher retirement or disemployment benefits as there is more possibility that the Company will have to pay employee benefits in the future. The increase in salary of the employees results in the increase in the actuarial assumptions of employee benefits and so the actuarial assumptions net income tax are shown as a loss item. Since the turnover rate of the employees and the salary increment rate in the fiscal year ended February 20, 2012 did not differ from those of the fiscal year ended February 20, 2011 in material respect, there is no loss of actuarial assumptions net income tax shown in the financial statements. Nevertheless, the turnover rate of the employees and the salary increment rate in the fiscal year ended February 20, 2013 differed from those of the fiscal year ended February 20, 2012 in material respect, so loss of actuarial assumptions net income tax is shown in the financial statements.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** How much do the JPY-denominated loans and USD-denominated loans account for the total borrowings of the Company? In the fiscal year ended February 20, 2013, did the Company gain or lose from the foreign exchange rate in those loan transactions?

**Director (Miss Kannika Kursirikul) :** Foreign currency loans of the Company account for approximately 69% of the total borrowings. The Company did not gain or lose from



the foreign exchange rate in those loan transactions as the foreign exchange risks were fully hedged under the swap contract.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** How much is the cost of buying the swap contract?

**Director (Miss Kannika Kursirikul) :** The swap contract costs around 2-3% of loan amount and the cost of swap contract would be charged in aggregate with interest. Average interest rate payable by the Company in the fiscal year ended February 20, 2013 is 4.08% of the total loan amount in approximate.

**Shareholder (Mr. Sakchai Sakulsrimontri) :** How ready is the Company in dealing with flood?

**Director (Mrs. Suporn Wattanavekin) :** The Company has adopted the Business Continuity Plan for dealing with emergency circumstances. After the last flood, the Company has continuously improved the Business Continuity Plan, for instance elevation of ATM to a higher level and utilization of more durable and water-resistant materials.

**Shareholder (Mr. Tweephong Areeyasophon) :** In expanding investment to the AEC countries, is it possible to have those foreign subsidiaries listed in the stock exchange in that particular country?

**Director (Mrs. Suporn Wattanavekin) :** Under the investment policy of AEON Group, each company is encouraged to grow by itself and to be independent and professional with the awareness of Good Governance under the supervision of the regulator in each country. In the future, they may be listed in the stock exchange, provided that appropriate timing as well as readiness of the company and the country shall be taken into account.

**Shareholder (Mr. Tweephong Areeyasophon) :** Please revise the percentage of abstained votes in Agenda 4.

**Director (Mrs. Suporn Wattanavekin) :** The Company shall consider your suggestion.

**Shareholder (Mr. Thada Sukkho) :** What is the target of revenue from the investment in the 3-5 year time?

**Director (Mr. Jun Suzuki) :** Net profits derived from the local subsidiaries in the fiscal year ended February 20, 2013 accounted for approximately 10% of the overall net profits. In the future, the Company expects the net profits derived from them to be not less than 30% of the overall net profits, though it would take some times.

**Shareholder (Mr. Wirote Pipatkittikul) :** What is the Company's policy on accepting foreign customers?

**Director (Mrs. Jiraporn Kongcharoenwanich) :** At present, the Company has adopted stricter procedures in accepting foreign customers, such as supporting documents and verifying workplace. However, debt collection from foreign customers is not good when comparing with Thai customers. The Company is conducting market survey and, therefore has not yet expanded market to this group of customers.

**Shareholder (Mr. Wirote Pipatkittikul) :** What is the consequence of the opening of AEON Mall in Phnom Penh, Cambodia?

**Director of AEON Microfinance (Cambodia) Private Company Limited (Mr. Daisuke Maeda) :** AEON Mall in Cambodia, having total space of approximately 68,000 square meters, is under construction which is expected to complete in the middle of the year 2014. This new mall will become the biggest mall in Cambodia. As electrical appliances are available for sales at the mall, AEON Microfinance (Cambodia) Private Company Limited could provide loan to support the purchase of the customers. Moreover, AEON Microfinance (Cambodia) Private Company Limited is conducting feasibility study on issuing credit cards with the exclusive privileges offered at AEON Mall.

There was no further business proposed to the Meeting for consideration. The Chairman adjourned the Meeting at 12:05 p.m.

(Signed) \_\_\_\_\_



Yasuhiko Kondo  
Chairman of the Meeting