
1. INTRODUCTION

This Prospectus is dated 16 November 2007.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC, who takes no responsibility for their contents.

We have received the SC's approval on 4 July 2007 and 3 September 2007 for the IPO. The approval of the SC shall not be taken to indicate that the SC recommends the IPO. You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of our IPO and investment in our Company.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

We have applied to Bursa Securities for the admission of our Company to the Official List of the Main Board of Bursa Securities and for permission to deal in and the listing of and quotation for all our Shares, including the Offer/Public Issue Shares. Our Shares will be admitted to the Official List of the Main Board of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the Offer/Public Issue Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been despatched to them. Admission to the Official List of the Main Board of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

The acceptance of applications for the Offer/Public Issue Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for all our Shares (including the Offer/Public Issue Shares) on the Main Board of Bursa Securities. If the permission for the listing is not granted within six (6) weeks from the date of this Prospectus (or such longer period as may be specified by the SC), provided that we are notified by Bursa Securities within the aforesaid timeframe, we will return in full, without interest, all monies paid in respect of any application accepted at your own risk. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

In the case of an application by way of Application Forms, you shall state your CDS account number in the space provided in the Application Forms. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the Offer/Public Issue Shares. For application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Bursa Securities LR, at least 25% of our issued and paid-up share capital must be held by at least 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO. We expect to meet this public shareholding spread requirement at the point of Listing. If we fail to do so, we may not be allowed to proceed with the Listing. Should such an event occur, we will return in full, without interest, monies paid in respect of all applications.

1. INTRODUCTION (Cont'd)

You should rely only on the information contained in this Prospectus. We have not authorised any person to provide you with information that is different from those contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, represent or imply that there has been no material change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any Offer/Public Issue Shares in any jurisdiction or circumstances in which such offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation.

IF YOU ARE IN ANY DOUBT ABOUT THIS PROSPECTUS OR IN CONSIDERING YOUR INVESTMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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2. CORPORATE DIRECTORY

DIRECTORS

Name	Address	Occupation	Nationality
Dato' Abdullah bin Mohd Yusof <i>(Chairman/Independent Non-Executive Director)</i>	28, Jalan Setia-Murni 12 Bukit Damansara 50490 Kuala Lumpur Malaysia	Lawyer	Malaysian
Naruhito Kuroda <i>(Managing Director)</i>	Prince Hotel & Residence Kuala Lumpur (Room 2230) Jalan Conlay 50450 Kuala Lumpur Malaysia	Managing Director	Japanese
Yoshiki Mori <i>(Non-Independent Non-Executive Director)</i>	2-75 Nakai-cho Matsudo City Chiba 270-2242 Japan	Company Director	Japanese
Kazuhide Kamitani <i>(Non-Independent Non-Executive Director)</i>	1 Chome 27-1-224 Tabata Kita-Ku Tokyo 114-0014 Japan	Company Director	Japanese
Datuk Ramli bin Ibrahim <i>(Independent Non-Executive Director)</i>	15, Jalan Balau Damansara Heights 50490 Kuala Lumpur Malaysia	Company Director	Malaysian
Dato' Md Kamal bin Ismaun <i>(Independent Non-Executive Director)</i>	No. 7 SS 7/9 Kelana Jaya 47301 Pealing Jaya Selangor Darul Ehsan Malaysia	Entrepreneur	Malaysian
Ng Eng Kiat <i>(Independent Non-Executive Director)</i>	59 Medan Athinahapan 1 Taman Tun Dr. Ismail 60000 Kuala Lumpur Malaysia	Practising Accountant	Malaysian
Yasuhiro Kasai <i>(Executive Director)</i>	Unit A12B10 Armanee Terrace Condominium No.8 Jalan PJU 8/1 Bandar Damansara Perdana 47820 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director	Japanese
Krishnappan a/l S.P.S. Singaram <i>(Executive Director)</i>	A-3A-6, Villa Angsana Jalan Krian Taman Rainbow Off 4th Mile, Jalan Ipoh 51150 Kuala Lumpur Malaysia	Company Director	Malaysian

2. CORPORATE DIRECTORY (Cont'd)

Name	Address	Occupation	Nationality
Clarence Chai (Executive Director)	A1 31-07, Sri Putramas 2, No. 1, Jalan Putramas 51200 Kuala Lumpur Malaysia	Company Director	Malaysian
Akitoshi Tsuchiya (Executive Director)	B-11-3 Strauss Tower Mont Kiara Sophia Jalan Kiara 1, Mont Kiara 50480 Kuala Lumpur Malaysia	Company Director	Japanese

AUDIT COMMITTEE

Name	Designation	Directorship
Ng Eng Kiat	Chairman	Independent Non-Executive Director
Datuk Ramli bin Ibrahim	Member	Independent Non-Executive Director
Dato' Md Kamal bin Ismaun	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Yoshiki Mori	Chairman	Non-Independent Non-Executive Director
Dato' Abdullah bin Mohd Yusof	Member	Independent Non-Executive Director
Kazuhide Kamitani	Member	Non-Independent Non-Executive Director
Datuk Ramli bin Ibrahim	Member	Independent Non-Executive Director
Dato' Md Kamal bin Ismaun	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Yoshiki Mori	Chairman	Non-Independent Non-Executive Director
Dato' Abdullah bin Mohd Yusof	Member	Independent Non-Executive Director
Kazuhide Kamitani	Member	Non-Independent Non-Executive Director

2. **CORPORATE DIRECTORY (Cont'd)**

- COMPANY SECRETARIES** : Tai Yit Chan
(MAICSA No. 7009143)
888 Happy Garden
Jalan Kuchai Lama
58200 Kuala Lumpur
Malaysia
- Saw Bee Lean
(MAICSA No. 0793472)
2, Jalan SS22/34
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
- REGISTERED OFFICE** : Level 7, Setia 1
15 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel. No.: 603-2095 7188
Website: www.boardroomlimited.com
E-mail address: mcservice@tm.net.my
- HEAD OFFICE** : Level 29, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel. No.: 603-2772 9000
Website: www.aeonmalaysia.com.my
- REGISTRAR** : Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. No.: 603-2721 2222
- AUDITORS AND REPORTING
ACCOUNTANTS** : KPMG (AF No. 0758)
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel. No.: 603-2095 3388
- PRINCIPAL BANKERS** : Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
Level 9, 10 & 11, Menara IMC
No. 8, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel. No.: 603-2034 8000

2. **CORPORATE DIRECTORY (Cont'd)**

**PRINCIPAL BANKERS
(CONT'D)**

: Bank of Tokyo-Mitsubishi UFJ, Ltd
Labuan Branch
Licenced Offshore Bank
Level 12 (A & F), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia
Tel. No.: 6087-410 487

CIMB Bank Berhad
12th Floor, Menara Bumiputra
Jalan Melaka
50100 Kuala Lumpur
Malaysia
Tel. No.: 603-2690 2387

Citibank Berhad
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel. No.: 603-2383 8585

Hong Leong Bank Berhad
Level 5, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur
Malaysia
Tel. No.: 603-2164 2828

Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur
Malaysia
Tel. No.: 603-2164 3939

Malayan Banking Berhad
37th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel. No.: 603-2074 8463

Mizuho Corporate Bank, Ltd
Labuan Branch
Level 9(B) & (C), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia
Tel. No.: 6087-417 766

2. **CORPORATE DIRECTORY (Cont'd)**

- PRINCIPAL BANKERS
(CONT'D)** :
- Public Bank Berhad
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel. No.: 603-2163 8888
- RHB Islamic Bank Berhad
Level 11, Menara Yayasan Tun Razak
200, Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia
Tel. No.: 603-2171 5000
- Sumitomo Mitsui Banking Corporation
Labuan Branch
Level 12 (B & C), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia
Tel. No.: 6087-410 955
- LEGAL ADVISER FOR THE
IPO** :
- Wong Beh & Toh
Level 12, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel. No.: 603-2713 6050
- ADVISER, MANAGING
UNDERWRITER,
UNDERWRITER AND
PLACEMENT AGENT** :
- CIMB Investment Bank Berhad
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel. No.: 603-2084 8888
- UNDERWRITERS** :
- Aseambankers Malaysia Berhad
Level 8, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Malaysia
Tel. No.: 603-2297 8888
- RHB Investment Bank Berhad
Level 9, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel. No.: 603-9287 3888

2. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT MARKET RESEARCHER : Dun & Bradstreet (D&B) Malaysia Sdn Bhd
Level 9-3A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Tel. No.: 603-2080 6000

ISSUING HOUSE : Malaysian Issuing House Sdn Bhd
Level 27, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. No.: 603-2693 2075

LISTING SOUGHT : Main Board of Bursa Securities

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3. SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus before you decide as to whether or not to invest in us.

3.1 Overview

Our Company was incorporated in Malaysia under the Act on 6 December 1996 as a private limited company under the name of ACS Credit Service (M) Sdn Bhd. On 23 September 2002, our Company changed its name to AEON Credit Service (M) Sdn Bhd. On 9 February 2007, our Company was converted into a public limited company and adopted our present name.

As at the date of this Prospectus, we have an authorised share capital of RM100,000,000 comprising 200,000,000 AEON Credit Shares whilst our issued and paid-up share capital is RM49,000,000 comprising 98,000,000 AEON Credit Shares. We do not have any subsidiary and associated company.

Our Company is a subsidiary of AEON Credit Japan, which is part of the AEON Japan Group. The AEON Japan Group is a diversified global conglomerate with more than 150 member companies. Its businesses are in retail and services and can be divided into four divisions, namely general merchandise stores, including supermarkets, discount stores, convenience stores and departmental stores; specialty stores involving women's apparel, family casual fashions, health and beauty care products, footwear and other specialty retail activities; development of shopping centres and leasing as well as management of commercial facilities, amongst others; and finance, service and other operations including financial services, food businesses, store maintenance and wholesale activities.

Our substantial shareholder and promoter, AEON Credit Japan is a subsidiary of AEON Japan and was established on 20 June 1981. It is presently listed on the Main Board of the Tokyo Stock Exchange. AEON Credit Japan is mainly involved in the issuance of credit cards, and it currently has more than 14.8 million card members in Japan. It is one of the biggest credit card issuers and a leading consumer credit provider in Japan. AEON Credit Japan has subsidiaries in Malaysia (being our Company), Taiwan, China, Hong Kong, Thailand and Indonesia. Its subsidiaries in Hong Kong and Thailand are listed on the main board of their respective stock exchanges.

Our Company commenced operations in 1997, and was established by AEON Credit Japan as part of AEON Credit Japan's expansion into other markets within Asia. AEON Credit Japan saw a potential in the provision of consumer credit business in Malaysia, and as such we commenced operations as a provider of GEP Scheme. Under the GEP Scheme, consumers can opt to finance their purchases of products, ranging from electrical appliances and electronic items to furniture, from appointed merchants in instalments.

Today, we have evolved into a consumer financing company offering a variety of products which include the GEP Scheme, MEP Scheme, Personal Financing Scheme and credit cards. Some of our easy payment schemes and personal financing schemes are based on Islamic principles. Please refer to Section 11.4 of this Prospectus for a description of our products and services.

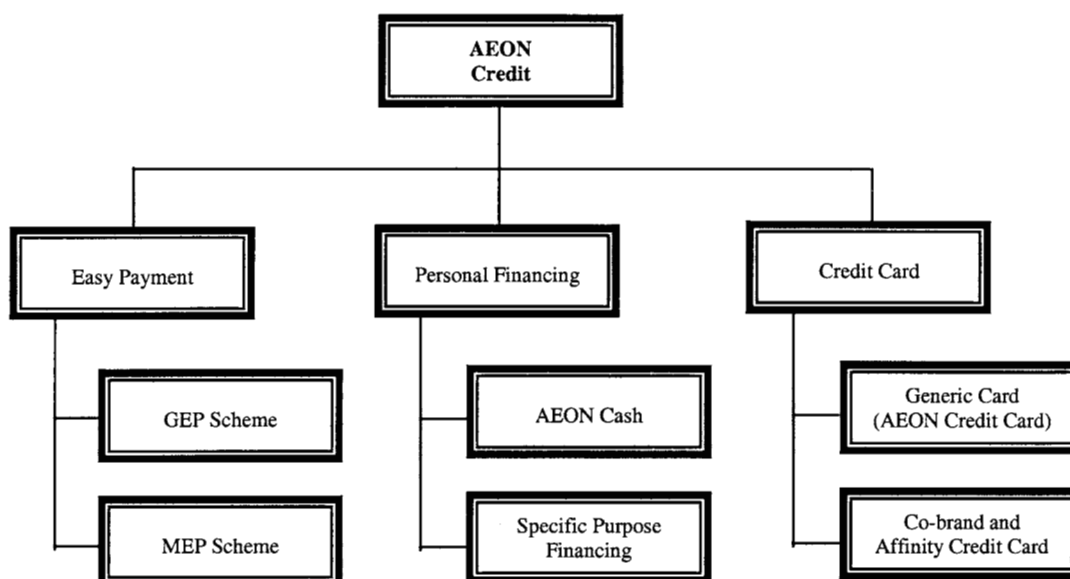
3. SUMMARY (Cont'd)

Our Company's key milestones are summarised as follows:

Calendar year	Event
1997	<ul style="list-style-type: none"> ▪ Commenced operations, providing GEP Scheme.
1998	<ul style="list-style-type: none"> ▪ Began issuing AEON Express Cards. ▪ Expansion of GEP Scheme to other areas within Peninsular Malaysia outside Klang Valley, namely Ipoh, Perak and Melaka.
1999	<ul style="list-style-type: none"> ▪ Further extended operations to East Malaysia, through provision of GEP Scheme to customers in Kuching, Sarawak and Kota Kinabalu, Sabah.
2000	<ul style="list-style-type: none"> ▪ Set-up marketing offices in Kota Kinabalu, Sabah and Kuching, Sarawak to recruit retail merchants.
2001	<ul style="list-style-type: none"> ▪ Set-up marketing offices in Penang and Johor Bahru, Johor to recruit retail merchants. ▪ Set-up branches in Kuching, Sarawak and Johor Bahru, Johor with the capacity to conduct credit assessment and management operations, to extend our services to more customers and retail merchants.
2002	<ul style="list-style-type: none"> ▪ Successfully ventured into the provision of MEP Scheme, with 50 appointed merchants within Klang Valley. ▪ Successfully extended MEP Scheme to customers in Johor Bahru, Johor.
2003	<ul style="list-style-type: none"> ▪ Successfully ventured into provision of Personal Financing Scheme, based on Shariah principles for AEON Express Card members only. ▪ Set-up first AEON-Spot in Kuala Lumpur.
2004	<ul style="list-style-type: none"> ▪ Full expansion of Personal Financing Scheme to major towns nationwide. ▪ Entered into agreements with Visa International Service Association and MasterCard International Incorporated to issue credit cards. ▪ Obtained the ISO 9001:2000 UKAS Quality Management, certified by UKAS, in realisation of our mission of providing excellent customer service.
2005	<ul style="list-style-type: none"> ▪ Started insurance sales business. ▪ Obtained approval from BNM to issue credit cards. ▪ Commenced credit card business by targeting the then existing 283,000 AEON Express Card members. ▪ Launched the Jusco Credit Card, a co-brand credit card with AEON Co. ▪ Opened AEON-Spots in shopping complexes outside Klang Valley.
2006	<ul style="list-style-type: none"> ▪ Enhanced our Personal Financing Scheme to provide specific purpose financing and AEON Cash. ▪ Obtained the ISO 27001:2005 for information security management system at our head office and Ipoh branch.
2007	<ul style="list-style-type: none"> ▪ Launched ATM network. ▪ Launched CP/MTN Programme. ▪ Launched the AEON RedHot Visa Card, a co-brand credit card with RedHot Media Sdn Bhd. ▪ Launched our Company's Gold credit cards under the Visa brand name, namely AEON Gold Visa Credit Card and Jusco Gold Visa Credit Card. ▪ Launched the Motorcycle Association Affinity Gold Visa Card, the first affinity credit card of AEON Credit in collaboration with the Malaysia Motorcycle and Scooter Dealers Association. ▪ Following the expiry of ISO 9001:2000 UKAS Quality Management obtained in 2004, we obtained the ISO 9001:2000 certification from BSI that our Company operates a quality management system for the provision of easy payment schemes, credit card and personal financing scheme at our head office and Melaka branch.

3. SUMMARY (Cont'd)

Currently, our Company's business activities can be divided into three (3) major divisions as illustrated below:



Please refer to Section 11 of this Prospectus for detailed information on our products, services and operation.

3.2 Details on the IPO

- IPO: Collectively, the Offer for Sale and Public Issue.
- Offer for Sale: 20,000,000 Offer Shares to be offered to the Bumiputera investors approved by the MITI.
- Public Issue: The Public Issue will be allocated in the following manner:
- (i) 6,000,000 Public Issue Shares, representing 5% of our enlarged share capital, to be allocated via ballot, will be made available for application by the Malaysian public, companies, co-operatives, societies and institutions whereby 30% of the 6,000,000 Public Issue Shares will be set aside for Bumiputera investors;
 - (ii) 15,500,000 Public Issue Shares, representing 12.92% of our enlarged share capital, will be made available for application by the Bumiputera investors approved by the MITI; and
 - (iii) 500,000 Public Issue Shares, representing 0.42% of our enlarged share capital, will be made available for application by our eligible Directors, employees and business associates.

Price per IPO Share: RM2.50

Please refer to Section 4 of this Prospectus for detailed information of the IPO.

3. SUMMARY (Cont'd)

3.3 Utilisation of Proceeds

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of RM50 million arising from the Offer for Sale of 20,000,000 Offer Shares at the IPO Price will accrue entirely to the Offeror.

The expected gross proceeds of RM55 million arising from the Public Issue of 22,000,000 Public Issue Shares at the IPO Price are expected to be fully utilised for our core business in the following manner:

	RM 000
Asset investment	3,000
Repayment of bank borrowings	41,000
Working capital	8,000
Estimated listing expenses	3,000
Total gross proceeds	<u>55,000</u>

Please refer to Section 4.10 of this Prospectus for detailed information on the utilisation of proceeds from our Public Issue.

3.4 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks of investment as summarised below. The following is not an exhaustive list of challenges that we currently face or that may develop in the future.

3.4.1 Risks relating to our Business

- (i) Credit Risk;
- (ii) Fraud Risks;
- (iii) Competition;
- (iv) Exposure to Lawsuits;
- (v) Reliance on Good Relationships with Customers and Merchants;
- (vi) Insurance Coverage;
- (vii) Risk from Information Technology;
- (viii) Licences, Registration and Certification Requirements; and
- (ix) Political, Economic and Market Factors that are Outside our Control.

3. SUMMARY (Cont'd)

3.4.2 Risks Relating to Our Company and Operations

- (i) Interest/Profit Rate Fluctuation Risk;
- (ii) Levels of Borrowings and Interest Cover;
- (iii) Restrictive Covenants Under Credit Facility Agreements;
- (iv) Dependence on Financial Institutions and Debt Capital Market for Working Capital;
- (v) Dependence on Letters of Awareness from AEON Credit Japan;
- (vi) Capital Adequacy Ratio Imposed on our Company;
- (vii) Our Credit Card Business;
- (viii) Our Continued Employment and Performance of Our Directors and Key Management;
- (ix) Foreign Exchange Risks;
- (x) Conflict of Interest; and
- (xi) Brand Recognition.

3.4.3 Risks Relating to Our Shares

- (i) No Prior Trading Market for Our Shares;
- (ii) The Volatility of the Market Price of Our Shares;
- (iii) The Sale or Possible Sale of a Substantial Number of Our Shares;
- (iv) Delay or Failure in Our Listing;
- (v) Payment of Dividends; and
- (vi) Dominance by a Single Group of Shareholders.

3.4.4 Other Risks

- (i) Significant Variation in the Profit Forecast; and
- (ii) Forward-looking Statements.

Please refer to Section 5 of this Prospectus for detailed discussion on the risks in investing in our Company.

3. SUMMARY (Cont'd)

3.5 Financial Information

3.5.1 Income Statements

We have prepared our income statements below for illustrative purposes only, based on our Company's audited financial statements for each of the past three (3) financial years ended 20 February 2007 and five (5)-month period ended 20 July 2007. The income statement for the five (5)-month period ended 20 July 2006 has not been audited and has been prepared for illustrative purposes only as a comparison to the income statement for the five (5)-month period ended 20 July 2007.

We advise you to read our income statements together with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Financial Information as disclosed in Section 7.5 of this Prospectus.

	←----- Audited -----→			Unaudited	Audited
	←----- FYE -----→			5-month period ended	
	2005	2006	2007	←----- 20 July -----→	
	RM 000	RM 000	RM 000	2006	2007
	RM 000				
Continuing operations					
Revenue	43,574	69,119	116,043	42,781	58,170
Other income	7,572	13,794	25,156	8,426	13,589
Staff costs	(13,186)	(21,552)	(35,170)	(13,969)	(18,155)
Depreciation of plant and equipment	(2,188)	(4,314)	(9,048)	(3,512)	(4,187)
Operating expenses	(19,087)	(29,013)	(51,415)	(19,447)	(26,294)
Operating profit	16,685	28,034	45,566	14,279	23,123
Finance costs	(5,082)	(8,741)	(18,021)	(6,132)	(9,126)
PBT	11,603	19,293	27,545	8,147	13,997
Taxation	(3,397)	(5,787)	(7,843)	(2,446)	(3,804)
PAT	8,206	13,506	19,702	5,701	10,193
No. of Shares assumed in issue immediately prior to the IPO (000)	98,000	98,000	98,000	98,000	98,000
Profit Margin					
Net Profit Margin (%)	18.83	19.54	16.98	13.33	17.52
Basic/Diluted EPS⁽¹⁾					
Gross EPS (sen) ⁽¹⁾	11.84	19.69	28.11	8.31	14.28
Net EPS (sen) ⁽¹⁾	8.37	13.78	20.10	5.82	10.40
Other selected financial data/ratios					
Capital expenditure (RM 000)	6,466	16,230	14,296	7,515	3,705
EBITDA (RM 000)	18,873	32,348	54,614	17,791	27,310
Interest cover ⁽²⁾ (times)	3.28	3.21	2.53	2.33	2.53
Trade receivables turnover period (days)	323	357	307	324	334
Trade payables turnover period (days)	14	15	13	13	11

Notes:

(1) Our Basic Gross EPS and Basic Net EPS for each of the financial years/periods under review have been computed based on our PBT and PAT for the respective financial years/periods divided by the number of Shares assumed in issue immediately prior to the IPO. Gross EPS and Net EPS on a diluted basis are the same as Basic Gross EPS and Basic Net EPS respectively, as there were no potential Shares assumed to be issued throughout the financial years/periods under review.

(2) Computed based on profit from operations divided by finance costs.

3. SUMMARY (Cont'd)

(3) *There were no exceptional and extraordinary items during the financial years/periods under review.*

3.5.2 *Proforma Balance Sheets*

We have prepared our proforma balance sheets below for illustrative purposes only, based on our Company's audited balance sheet as at 20 July 2007 to show the effects of our Listing Scheme on the assumption that certain events had been effected on that date.

We advise you to read the proforma balance sheets together with the accompanying notes and assumption included in the Reporting Accountant's Letter on the Proforma Financial Information as disclosed in Section 7.5 of this Prospectus.

	Audited 20 July 2007 RM 000	Proforma I After IPO RM 000	Proforma II After Proforma I and Proposed utilisation of proceeds RM 000
Assets			
Plant and equipment	22,885	22,885	25,885
Investment	1,026	1,026	1,026
Receivables	192,918	192,918	192,918
Total non-current assets	<u>216,829</u>	<u>216,829</u>	<u>219,829</u>
Receivables, deposits and prepayments	395,965	395,965	395,965
Cash and bank balances	2,255	57,255	10,255
Total current assets	<u>398,220</u>	<u>453,220</u>	<u>406,220</u>
Total assets	<u>615,049</u>	<u>670,049</u>	<u>626,049</u>
Equity			
Share capital	49,000	60,000	60,000
Share premium	15,000	59,000	56,000
Retained earnings	47,024	47,024	47,024
Total equity attributable to shareholders of the Company	<u>111,024</u>	<u>166,024</u>	<u>163,024</u>
Liabilities			
Borrowings (unsecured)	287,070	287,070	287,070
Deferred tax liabilities	1,435	1,435	1,435
Total non-current liabilities	<u>288,505</u>	<u>288,505</u>	<u>288,505</u>
Payables and accruals	39,306	39,306	39,306
Borrowings (unsecured)	170,653	170,653	129,653
Taxation	5,561	5,561	5,561
Total current liabilities	<u>215,520</u>	<u>215,520</u>	<u>174,520</u>
Total liabilities	<u>504,025</u>	<u>504,025</u>	<u>463,025</u>
Total equity and liabilities	<u>615,049</u>	<u>670,049</u>	<u>626,049</u>
NTA (RM 000)	111,024	166,024	163,024
Number of AEON Credit Shares in issue (000)	98,000	120,000	120,000
NTA per Share (RM)	1.13	1.38	1.36

3. SUMMARY (Cont'd)

3.5.3 Proforma Cash Flow Statement

We have prepared our proforma cash flow statement below for illustrative purposes only, based on our Company's audited financial statements for the five (5)-month period ended 20 July 2007. The proforma cash flow statement for the five (5)-month period ended 20 July 2006 has not been audited and has been prepared for illustrative purposes only as a comparison to the proforma cash flow statement for the five (5)-month period ended 20 July 2007.

We advise you to read the proforma cash flow statement together with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Financial Information as disclosed in Section 7.5 of this Prospectus.

5-month period ended 20 July	Unaudited 2006 RM 000	2007 RM 000
CASH FLOWS FROM OPERATING ACTIVITIES		
PBT	8,147	13,997
Adjustments for:		
Depreciation of plant and equipment	3,512	4,187
Finance costs	6,132	9,126
Operating profit before working capital changes	<u>17,791</u>	<u>27,310</u>
(Increase)/Decrease in working capital:		
Changes in receivables, deposits and prepayments	(109,933)	(43,861)
Changes in payables and accruals	6,491	1,045
Cash used in operations	<u>(85,651)</u>	<u>(15,506)</u>
Income taxes paid	(1,241)	(1,796)
Finance costs paid	(4,631)	(10,414)
Net cash used in operating activities	<u>(91,523)</u>	<u>(27,716)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of plant and equipment	<u>(7,515)</u>	<u>(6,705)</u>
Net cash used in investing activity	<u>(7,515)</u>	<u>(6,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Public Issue	-	55,000
Payment of listing expenses	-	(3,000)
Repayment of bank borrowings	-	(141,194)
Proceeds from term loans/financing, revolving credits and medium term notes	101,068	134,821
Dividends paid to ordinary shareholders of the Company	<u>(2,760)</u>	<u>(3,334)</u>
Net cash generated from financing activities	<u>98,308</u>	<u>42,293</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(730)	7,872
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	615	2,072
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(115)</u>	<u>9,944</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	825	10,255
Bank overdraft	<u>(940)</u>	<u>(311)</u>
	<u>(115)</u>	<u>9,944</u>

3. SUMMARY (Cont'd)

3.5.4 Profit Forecast

Our Directors forecast that our profit forecast for the FYE 2008 will be as follows:

FYE	Forecast 2008 RM 000
Revenue	157,738
PBT	41,790
Taxation	(11,290)
PAT	30,500
Number of Shares assumed in issue (000)	120,000
<u>Basic/Diluted EPS*</u>	
Gross EPS ⁽¹⁾ (sen)	34.83
Net EPS ⁽²⁾ (sen)	25.42
<u>PE Multiple</u>	
Net PE Multiple ⁽³⁾ (times)	9.84
Interest cover ⁽⁴⁾ (times)	2.80

Notes:

* *Gross EPS and Net EPS on a diluted basis are the same as Basic Gross EPS and Net EPS respectively, as there were no potential Shares assumed to be issued upon completion of our IPO.*

(1) *Computed based on PBT divided by the number of Shares assumed in issue.*

(2) *Computed based on PAT divided by the number of Shares assumed in issue.*

(3) *Computed based on the IPO Price divided by Net EPS.*

(4) *Computed based on our Company's forecast profit from operations of RM65.001 million divided by the forecast finance cost of RM23.204 million for the FYE 2008.*

Please refer to Section 6.5 of this Prospectus for detailed information on the principal assumptions upon which the profit forecast have been prepared.

3. SUMMARY (Cont'd)

3.6 Dividend Forecast and Policy

Our Board intends to declare and pay dividends of not less than 30% of our PAT in respect of the FYE 2008, amounting to not less than 7.63 sen per Share less tax. Based on the corporate tax rate of 26% for the FYE 2008, the corresponding net dividend payout will be not less than 5.65 sen per Share. This would result in a gross dividend cover and net dividend cover (computed based on Basic Gross EPS/Basic Net EPS per Share over gross/net dividend per Share respectively) of approximately 4.56 times and 4.50 times respectively. Correspondingly, based on the IPO Price of RM2.50, the gross dividend yield and net dividend yield is approximately 3.05% and 2.26% respectively, while the gross dividend rate and net dividend rate is approximately 15.26% and 11.30% respectively.

Our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Please refer to Section 6.2 of this Prospectus for detailed information on our dividend forecast and policy.

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4. DETAILS OF OUR INITIAL PUBLIC OFFERING

This Prospectus is dated 16 November 2007.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC, who takes no responsibility for their contents.

We have received the SC's approval on 4 July 2007 and 3 September 2007 for the IPO. The approval of the SC shall not be taken to indicate that the SC recommends the IPO. You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of our IPO and investment in our Company.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

We have applied to Bursa Securities for the admission of our Company to the Official List of the Main Board of Bursa Securities and for permission to deal in and the listing of and quotation for all our Shares, including the Offer/Public Issue Shares. Our Shares will be admitted to the Official List of the Main Board of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the Offer/Public Issue Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been despatched to them. Admission to the Official List of the Main Board of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

The acceptance of applications for the Offer/Public Issue Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for all our Shares (including the Offer/Public Issue Shares) on the Main Board of Bursa Securities. If the permission for the listing is not granted within six (6) weeks from the date of this Prospectus (or such longer period as may be specified by the SC), provided that we are notified by Bursa Securities within the aforesaid timeframe, we will return in full, without interest, all monies paid in respect of any application accepted at your own risk. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

In the case of an application by way of Application Forms, you shall state your CDS account number in the space provided in the Application Forms. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the Offer/Public Issue Shares. For application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Bursa Securities LR, at least 25% of our issued and paid-up share capital must be held by at least of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO. We expect to meet this public shareholding spread requirement at the point of Listing. If we fail to do so, we may not be allowed to proceed with the Listing. Should such an event occur, we will return in full, without interest, monies paid in respect of all applications.

4. DETAILS OF OUR INITIAL PUBLIC OFFERING *(Cont'd)*

You should rely only on the information contained in this Prospectus. We have not authorised any person to provide you with information that is different from those contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, represent or imply that there has been no material change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any Offer/Public Issue Shares in any jurisdiction or circumstances in which such offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation.

IF YOU ARE IN ANY DOUBT ABOUT THIS PROSPECTUS OR IN CONSIDERING YOUR INVESTMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISER IMMEDIATELY.

4.1 Opening and Closing of Application

Application for the IPO will open at 10.00 a.m. on 16 November 2007 and will remain open until 5.00 p.m. on 28 November 2007 or such other date or dates as our Directors and Managing Underwriter in their absolute discretion may decide.

Our Directors and Managing Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for applications of the IPO to any later date or dates. In the event that the closing date and time for applications of the IPO is extended, the dates for the balloting, allotment of the Public Issue Shares and our Listing will be extended accordingly. We will announce any extension in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

4.2 Our IPO

Our IPO comprises:

- (i) an Offer for Sale of 20,000,000 Offer Shares to be offered by the Offeror to the Bumiputera investors approved by the MITI; and
- (ii) a Public Issue of 22,000,000 Public Issue Shares to be allocated to (a) the Malaysian public, companies, co-operatives, societies and institutions via ballot, whereby 30% of the 6,000,000 Public Issue Shares will be set aside for Bumiputera investors; (b) Bumiputera investors approved by the MITI; and (c) our eligible Directors, employees and business associates.

The minimum subscription amount to be raised from the Public Issue is estimated at RM55 million, calculated based on 22,000,000 Public Issue Shares from the Public Issue at RM2.50 per Public Issue Share having been subscribed for and assuming all of the Offer Shares from the Offer for Sale being fully subscribed. The minimum subscription amount has been determined based on the minimum estimated level of funds to be raised from the IPO and the number of shares required to meet the minimum public shareholding spread.

4.2.1 The Offer for Sale

The Offer for Sale is offered at the IPO Price of RM2.50 per Offer Share, payable in full upon application. 20,000,000 Offer Shares, representing 16.66% of our enlarged issued and paid-up share capital, are made available for application by the Bumiputera investors approved by the MITI.

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

The details of the Offer for Sale are as follows:

Offeror	Offer for Sale	
	No. of Shares	% of enlarged share capital
AEON Credit Japan	20,000,000	16.66

4.2.2 The Public Issue

The Public Issue is offered at the IPO Price of RM2.50 per Public Issue Share, payable in full upon application, and will be allocated in the following manner:

- (i) 6,000,000 Public Issue Shares, representing 5% of our enlarged issued and paid-up share capital, to be allocated via ballot, will be made available for application by the Malaysian public, companies, co-operatives, societies and institutions, whereby 30% of the 6,000,000 Public Issue Shares will be set aside for Bumiputera investors;
- (ii) 15,500,000 Public Issue Shares, representing 12.92% of our enlarged issued and paid-up share capital, will be made available for application by the Bumiputera investors approved by the MITI; and
- (iii) 500,000 Public Issue Shares, representing 0.42% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors, employees and business associates.

In summary, the Offer Shares and Public Issue Shares will be allocated and allotted in the following manner:

Categories	Offer for Sale		Public Issue		Total	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
Malaysian public (via balloting)	-	-	6,000,000	5.00	6,000,000	5.00
Bumiputera investors approved by the MITI	20,000,000	16.66	15,500,000	12.92	35,500,000	29.58
Eligible Directors, employees and business associates	-	-	500,000	0.42	500,000	0.42
Total	20,000,000	16.66	22,000,000	18.34	42,000,000	35.00

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

Any of the Public Issue Shares under Section 4.2.2(iii) above, not taken up by our eligible Directors, employees and business associates will be re-offered to our other eligible Directors, employees and business associates. Subsequently, any of the Public Issue Shares re-offered which are not taken up will be made available for application by the investors under Section 4.2.2(i) above.

The Underwriters will underwrite all of the Public Issue Shares under Sections 4.2.2(i) and 4.2.2(iii) above. The Offer Shares under Section 4.2.1 above and Public Issue Shares under Section 4.2.2(ii) above will not be underwritten since identified investors have given their irrevocable undertaking to subscribe for these Shares.

Details of the brokerage, placement fees, commission and others fees relate to the IPO are set out in Section 4.6 of this Prospectus.

4.3 Details of Allocation to Eligible Directors, Employees and Business Associates

Our eligible Directors, employees and business associates are allocated in aggregate 500,000 Public Issue Shares pursuant to the Preferential Share Allocation Scheme under the IPO as stated under Section 4.2.2(iii) above which was approved by our Board.

Set forth below is the summary of allocation of the Public Issue Shares pursuant to the Preferential Share Allocation Scheme to our eligible Directors, employees and business associates respectively.

Eligibility	Number of eligible persons	Aggregate number of Public Issue Shares allocated
Eligible Directors of our Company ⁽¹⁾	2	20,000
Eligible employees of our Company ⁽²⁾	320	180,000
Eligible business associates of our Company ⁽³⁾	50	300,000
Total	372	500,000

Notes:

- (1) *The criteria for the allocation to our eligible Directors is based on, inter alia, their position and role in our Company.*
- (2) *The criteria for the allocation to our eligible employees is based on, inter-alia, their staff grade and length of service in our Company. Employees who are existing shareholders of our Company will not be eligible to participate in the Preferential Share Allocation Scheme.*
- (3) *The criteria for the allocation to our eligible business associates is based on, inter-alia, the amount of average monthly sales volume within the twelve (12)-month period from 21 August 2006 to 20 August 2007 and expected future benefits to be derived from the eligible business associate.*

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

The number of Public Issue Shares to be allocated to the eligible Directors of our Company under the Preferential Share Allocation Scheme is as follows:

Directors	Designation	No. of Public Issue Shares allocated	% of enlarged share capital
Dato' Md Kamal bin Ismaun	Independent Non-Executive Director	10,000	0.01
Ng Eng Kiat	Independent Non-Executive Director	10,000	0.01

4.4 Share Capital

As at the date of this Prospectus, the details of our share capital are as follows:

	No. of Shares	RM
Authorised		
200,000,000 Shares	<u>200,000,000</u>	<u>100,000,000</u>
Issued and fully paid-up at the date of this Prospectus	98,000,000	49,000,000
To be issued and fully paid-up pursuant to the Public Issue	<u>22,000,000</u>	<u>11,000,000</u>
Enlarged share capital upon Listing	<u>120,000,000</u>	<u>60,000,000</u>
To be offered pursuant to the Offer for Sale*	<u>20,000,000</u>	<u>10,000,000</u>

Note:

* *The Offer for Sale would not have an effect on our number of issued and paid-up share capital as the Offer Shares are already in existence prior to the IPO.*

Based on the IPO Price of RM2.50 per Share, the market capitalisation of our Company on the Main Board of Bursa Securities upon Listing is RM300,000,000.

4.5 Classes of Shares and Rankings

As at the date of this Prospectus, we only have one (1) class of shares, being ordinary shares of RM0.50 each. The Public Issue Shares will, upon allotment and issue, rank equally in all respects with our other existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of allotment of the Public Issue Shares.

The Offer Shares will rank equally in all respects with our other existing issued and paid-up ordinary shares including voting rights and be entitled to all rights and dividends and distribution that may be declared.

Upon allotment and issue, and subject to any special rights attaching to any shares that we may issue in the future, our shareholders shall in proportion to the amount paid-up on the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions and any surplus in the event of our liquidation, in accordance with our Articles.

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

At our every general meeting, each of our shareholder shall be entitled to vote in person, by proxy or by attorney, and on a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote and on a poll, every of our shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

4.6 Brokerage, Placement Fee and Underwriting Fee

Brokerage is payable by us in respect of the Public Issue Shares described in Section 4.2.2(i) of this Prospectus, at the rate of 1% of the IPO Price for all successful applications which bear the stamp of either CIMB, a member of Bursa Securities, a member of the Association of Banks in Malaysia, a member of Malaysian Investment Banking Association or the Issuing House. We will also pay brokerage in respect of the Public Issue Shares described in Section 4.2.2(iii) of this Prospectus, at the rate of 1% of the IPO Price to CIMB.

The Placement Agent has agreed to place the Offer Shares described in Section 4.2.1 and Public Issue Shares described in Section 4.2.2(ii) of this Prospectus, which are reserved for the Bumiputera investors approved by the MITI. Accordingly, we will pay a placement fee to the Placement Agent at the rate of up to 1.4%. The total placement fee will be calculated by the IPO Price multiplied by the number of Shares described in Section 4.2.2(ii) of this Prospectus. The Offeror will pay a placement fee to the Placement Agent at the rate of up to 1.4% of the IPO Price multiplied by the number of Shares described Section 4.2.1 of this Prospectus.

The Underwriters have agreed to underwrite the Public Issue Shares described in Sections 4.2.2(i) and 4.2.2(iii) of this Prospectus at the rate of 1.5% of the IPO Price multiplied by the number of Shares described in Sections 4.2.2(i) and 4.2.2(iii) of this Prospectus. We will also be paying our Managing Underwriter a management fee of 0.5% of the IPO Price multiplied by the number of Shares described in Sections 4.2.2(i) and 4.2.2(iii) of this Prospectus.

4.7 Details of the Underwriting

We have entered into an Underwriting Agreement dated 10 October 2007 with the Managing Underwriter and Underwriters for the underwriting of 6,500,000 Shares under the Public Issue.

Details of the underwriting agreement and underwriting commission are set out in Sections 4.6 and 15 of this Prospectus respectively.

4.8 Objectives of Our IPO

The objectives of our IPO are as follows:

- (i) to enhance the stature of our Company to market our products and services and expand our market position and customer base;
- (ii) to enable us to have access to the capital market for cost effective capital raising in order to give us the financial flexibility to pursue growth opportunities;
- (iii) to provide an opportunity for the investing community, including the public, our eligible Directors, employees and business associates to participate in our equity and continuing growth of our Company; and
- (iv) to raise proceeds for the purposes stated in Section 4.10 of this Prospectus.

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

4.9 Basis of Arriving at the IPO Price

Upon application, the applicants under the IPO will pay in full the IPO Price of RM2.50 per IPO Share. Our Directors, Offeror and Adviser have determined and agreed on the IPO Price after taking into consideration the following factors:

- (i) our Company's financial performance and operating history as described in Sections 7, 8 and 11 of this Prospectus;
- (ii) the overview of our industry and its prospects as outlined in Section 10 of this Prospectus;
- (iii) our Company's competitive strengths and strategies as outlined in Section 11 of this Prospectus;
- (iv) our forecast net EPS of 25.42 sen computed based on our forecast PAT of RM30.5 million for the FYE 2008 divided by the 120,000,000 Shares in issue immediately after the Listing and our forecast illustrative net PE Multiple of 9.84 times for the FYE 2008; and
- (v) our proforma NTA per Share of RM1.36 as at 20 July 2007 computed based on our proforma NTA of RM163.024* million divided by the 120,000,000 Shares in issue immediately upon Listing.

Note:

* *The proforma NTA of our Company of RM163.024 million has incorporated the gross proceeds from the Public Issue and estimated listing expenses of RM55 million and RM3 million respectively.*

Prior to the IPO, there has been no trading market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.

4.10 Utilisation of Proceeds

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of RM50 million arising from the Offer for Sale of 20,000,000 Offer Shares at the IPO Price will accrue entirely to the Offeror.

The expected gross proceeds of RM55 million arising from the Public Issue of 22,000,000 Public Issue Shares at the IPO Price are expected to be fully utilised for our core business in the following manner:

	RM 000
Asset investment ⁽¹⁾	3,000
Repayment of bank borrowings ⁽²⁾	41,000
Working capital ⁽³⁾	8,000
Estimated listing expenses ⁽⁴⁾	<u>3,000</u>
Total gross proceeds	<u>55,000</u>

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

Notes:

- (1) We propose to utilise RM3 million of the proceeds from the Public Issue for the following asset investments including software and systems development within twelve (12) months from the date of Listing mainly for the purposes of customer service and efficiency improvement, ATM and branch network expansion and information security management:

	RM 000
1. Upgrading of Interactive Voice Response System and PABX	1,500
2. ATM/Cash deposit machine equipment	360
3. Gateway server implementation for branches	350
4. Enhancement to credit card systems	300
5. New AEON-Spot renovations	250
6. Other assets and systems	240
Total	3,000

- (2) We have a high gearing ratio arising from borrowings to fund our financing business. We propose to utilise RM41 million of the proceeds from the Public Issue to repay our existing borrowings upon completion of the Public Issue as follows:

Type of facilities	Amount outstanding as at 20 September 2007 RM 000	Forecast amount outstanding as at 20 February 2008 RM 000	Amount proposed to be repaid RM 000
Revolving credit and term loan facilities and medium term notes	482,288	580,000	41,000

Details of our intended repayment of borrowings out of the proceeds from the Public Issue are as follows:

Name of Lenders	Type of facilities	Actual amount outstanding as at 20 September 2007 RM 000	Amount proposed to be repaid RM 000	Purpose
Bank of Tokyo-Mitsubishi UFJ (M) Berhad	Revolving credit and term loan	90,000	20,000	Working capital
Public Bank Berhad	Revolving credit and term loan	70,500	21,000	Working capital

The repayment of borrowings to the financial institutions set out above represents our Company's intention based on the market interest rates as at the Latest Practicable Date. Upon the receipt of proceeds from the Public Issue, we may have repaid part of our borrowings through internally generated funds and/or undertaken new borrowings from other financial institutions subject to prevailing market conditions at that point in time.

The utilisation of RM41 million to repay our outstanding revolving credit and term loan facilities will result in estimated interest cost savings of approximately RM0.512 million for the FYE 2008, assuming an average interest rate of 4.95% per annum.

4. DETAILS OF OUR INITIAL PUBLIC OFFERING (Cont'd)

The actual amount of borrowings outstanding upon completion of our Listing may vary as we continue to service/repay our borrowings as and when they fall due and/or drawdown of additional facilities in the ordinary course of business. Should there be any excess/variation from/to the proposed repayment of the aforesaid facilities, the excess/variation will be utilised for our working capital.

- (3) *The utilisation of proceeds for working capital purposes shall be primarily used to finance our Company's daily operational activities and will be utilised within twelve (12) months from the date of Listing.*
- (4) *We expect to fully utilise the proceeds from the Public Issue to defray estimated expenses of the IPO within six (6) months from the date of Listing.*

If the actual listing expenses are higher than estimated, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

4.11 Estimated Expenses of the IPO

The expenses of our IPO are estimated to be RM3 million and will comprise the following:

	RM million
Estimated professional fees	0.8
Fees to authorities pursuant to the IPO	0.2
Brokerage, Placement and Underwriting fees	1.2
Other fees and expenses such as printing, advertising and travelling expenses incurred in connection with the Public Issue	0.5
Miscellaneous expenses and contingencies	<u>0.3</u>
Total estimated listing expenses	<u>3.0</u>

All of the expenses of the Public Issue will be borne by us. The Offeror shall bear all expenses such as placement fee, brokerage, registration fee and share transfer fee relating to the Offer for Sale.

4.12 Trading and Settlement in Secondary Market

Upon listing and quotation on Bursa Securities, our IPO Shares that are being offered in the IPO will be traded through Bursa Securities and settled by book-entry settlement through CDS, which will be effected in accordance with the rules of Bursa Depository for the operation of CDS accounts, as amended from time to time and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers for, or purchasers of, the IPO Shares. Bursa Depository operates the CDS.

Beneficial owners of Shares are required under the rules of Bursa Depository to maintain CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the records of depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

5. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent our activities, are subject to legal and regulatory requirements, and the business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive nor exclusive list of the challenges that we currently face or may develop in the future that may have a significant impact on the current and future performance of our Company. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

In this regard, we have established a Risk Management Committee, comprising members of our key management who will address the following risks associated with our operations and business activities.

5.1 Risks Relating to the Industry that We Operate In

5.1.1 Credit Risk

We are exposed to credit risks which may have a material effect on our financial results arising from customers' default in making payments due to us on credit facilities granted.

For the seven (7)-month period ended 20 September 2007, our gross trade receivables (prior to taking into account allowance for doubtful debts) is approximately RM641.544 million compared to RM556.024 million for the FYE 2007. The net allowance for doubtful debts is approximately RM14.836 million for the seven (7)-month period ended 20 September 2007 compared to RM21.693 million for the FYE 2007.

In mitigating our exposure to credit risk, our Management has put in place sound credit evaluation policies in assessing and approving applications from consumers. The success of our Management in managing our credit evaluation policies is evidenced by our low non-performing loans and credit cost (being expenses for bad and doubtful debts as a percentage of average total trade receivables). Our credit cost has been hovering at 3.3% to 4.9% for the past few years (4.3% on an annualised basis for the seven (7)-month period ended 20 September 2007).

Our gross non-performing loan ratio (on a 3-months classification basis) has been hovering at less than 2.5% since the FYE 2004 (2.1% for the seven (7)-month period ended 20 September 2007). Other than the credit evaluation process, our Management has placed strong emphasis on close monitoring and efficient collection of accounts as well as follow-up mechanisms, to minimise delinquency. The follow-up mechanisms include reminder letters and calls, field visits, outsourcing to collection agencies and commencing litigation process.

Although we have and will continue to implement our credit assessment and credit risk management program based on AEON Credit Japan's experience to minimise the risk of credit default, there can be no assurance that credit default will be minimised and will not materially and adversely affect our operations, results and/or financial condition.

5. RISK FACTORS *(Cont'd)*

5.1.2 Fraud Risks

In our day-to-day operations in assessing credit applications from consumers, there can be no complete assurance that the information furnished by credit applicants is true and correct. There is also no complete assurance that any application received is genuine i.e. not arising from any fraudster using the personal information and/or documents of a third party to apply for credit facilities including credit cards from us under the third party's name. Any forged application, or any false or fraudulent information furnished by the credit applicants, which may in some instances involve collusion with merchants offering our financing schemes to consumers, may allow the credit applicants, fraudsters and/or merchants to exploit cash, products or services which may cause credit losses to our company.

In addition, internet, mail and telephone order facilities have expanded possibilities for making credit card purchases without the need to physically present the card to the seller/merchant, thereby creating tools for fraudsters. Losses may similarly arise from use by fraudsters of credit cards lost by customers or stolen from customers.

We are aware of the risks arising from such unethical and fraudulent behaviour from credit applicants, fraudsters and/or merchants. We have implemented a vigilant and stringent credit assessment and approval process by undertaking verification of the information furnished by credit applicants such as data screening with in-house database, verification calls to the credit applicants' home and office as well as to referees provided by the applicant, independent checks with established credit reference organisations including CCRIS, a database on credit information on borrowers in Malaysia maintained by BNM.

We have also implemented a chip-based infrastructure for our credit cards in line with BNM's adoption of the Europay-MasterCard-Visa ("EMV") chip standard. The adoption of these standards has almost eliminated the risk of "cloning" or illegal duplication of credit cards issued to customers and tremendously reduced the fraud losses incurred in Malaysia.

Other fraud types arising from lost or stolen credit cards, mail orders, telephone orders and Internet transactions cannot be totally prevented but we have implemented mitigation mechanisms such as the Online Monitoring System. This state-of-the-art fraud control system is rule-based driven whereby it would be able to identify suspicious and/or irregular transactions emerging from a card member's card account.

However, notwithstanding the detection and control measures, there can be no assurance that our operations and financial conditions will not be affected by the occurrences of fraud.

5.1.3 Competition

5.1.3.1 Easy Payment Scheme

Under our Easy Payment Scheme, we offer the GEP Scheme and MEP Scheme. Please refer to Section 11.4 of this Prospectus for an overview of our Easy Payment Scheme. The Easy Payment Scheme in which we are involved is competitive.

5. RISK FACTORS (Cont'd)

Competitors for our Easy Payment Scheme include, amongst others, the following:

- (i) credit cards issued by local and foreign financial institutions, which also frequently provide easy payment schemes for purchase of goods and services;
- (ii) credit companies providing motorcycle financing; and
- (iii) merchants providing their own financing for products sold by them on credit sale terms.

Although there is always competition, the threat from new entrants is relatively low due to barriers of entry such as financial strength and other resource requirements for large scale operations, established track record requirement to gain the confidence of merchants and industry know-how to handle consumer financing and collection.

Further, our Easy Payment Scheme in comparison to the credit services offered by other retailers is uniquely structured to allow consumers to purchase a wider and diversified range of products from our large network of more than 5,000 merchant outlets nationwide as at 30 September 2007. We offer competitive agreement fees, interest/profit rates and fast processing under our Easy Payment Scheme.

We are also well positioned to face competition as we have strong domain knowledge of the Malaysian customer and market requirements, AEON Express Card database consisting of more than 400,000 customers as at 30 September 2007 and are able to provide our Easy Payment Scheme to merchants and consumers to meet their demands. Further, we have developed a good track record for our Easy Payment Scheme over the past ten (10) years. Please refer to Section 11.3 of this Prospectus for our future plans.

However, there is no assurance that we will be able to compete successfully against current and future competitors, or that competitive pressures will not materially and adversely affect our business, operations, results and/or financial conditions.

5.1.3.2 Personal Financing Scheme

Our current target market for the Personal Financing Scheme is the underserved micro-financing segment of the Malaysian consumer financing industry. Our current target customers for the Personal Financing Scheme are consumers earning an annual income of RM10,000 and above. Although there are few players in the micro-financing segment, we have experienced and expect to experience competition in this segment from, amongst others, the following:

- (i) BAFIA-licensed financial institutions offering personal loans and other financing schemes including cash advances under credit cards issued;
- (ii) co-operatives offering personal loans and other financing to their members including Bank Kerjasama Rakyat Malaysia Berhad;
- (iii) pawn shops which carry on the business of pawn broking; and
- (iv) licensed moneylenders.

5. RISK FACTORS (Cont'd)

With the financial sector liberalisation, we expect competition to intensify as local financial institutions realign their strategies and may focus their effort and considerable resources on expanding their involvement in the micro-financing segment.

Although there is always competition, the threat from new entrants is relatively low due to barriers of entry such as financial strength to operate any large personal financing schemes to realise economies of scale.

We are well positioned to face competition as we have established a good reputation amongst our customers and have a strong customer base for our Personal Financing Scheme over the years. We have improved our Personal Financing Scheme to cater for a broader range of income levels and higher financing amount, expedited the approval process and introduced instant withdrawal through our ATMs.

However, there is no assurance that we will be able to compete successfully against current and future competitors, or that competitive pressures will not materially and adversely affect our business, operations, results and/or financial conditions.

5.1.3.3 Credit Card

The credit card sector is a competitive industry and our Company will continue to face competition from other foreign and local financial institutions. Competitive factors include promotions, privileges and benefits offered to cardholders.

Although there is always competition among credit card issuers, the threat from new entrants is relatively low due to barriers of entry such as licensing or authority and international brand owner approval requirements, high investment costs in information and control systems and high transaction volume is required to be achieved by any new entrant to realise profitability.

We are well positioned to face competition as we potentially have markets to be tapped based on AEON Credit's collaboration with major consumer product distributors, merchants and business partners in Malaysia. Further, we have plans to offer other credit cards to enhance the lifestyles of consumers. However, there is no assurance that we will be able to compete successfully against current and future competitors, or that competitive pressures will not materially and adversely affect our business, operations, results and/or financial conditions.

5.1.4 Exposure to Lawsuits

Our Company is exposed to lawsuits by our customers due to reasons ranging from accusation of unethical practices, breach of consumer confidentiality requirement, identity theft, debt recovery and breach of financing terms to fraudulent transactions. Such lawsuits may result in additional financial liabilities to our Company in terms of financial compensation to customers, if the lawsuit is in the customers' favour and the legal costs incurred by our Company to defend the lawsuit. In addition, our Company and the AEON brand names may lose credibility and the reputation of our Company may be affected if legal actions were brought against us by our customers.

5. RISK FACTORS (Cont'd)

In Malaysia, most customer complaints are settled through BNM mediation, the Consumer Claims Tribunal or individual court claims, depending on the severity of the contested breach of responsibility. Claims through the Consumer Claims Tribunal, however, are subject to an upper limit of RM25,000. While we have in place controls in our operating policies and procedures, there can be no assurance that our customers will not take legal action against us or that any lawsuits would not have an adverse effect on the operations and financial performance of our Company.

5.1.5 Reliance on Good Relationships with Customers and Merchants

Good relationship with our customers underpins the sustainability and success of our Company as satisfied customers tend to make recurring transactions with our Company.

We continuously endeavour to build and maintain good relationship with our customers by, amongst others, improving on the quality of our customer service, introducing new and innovative products and services and rewarding our customers for their loyalty. We also focus on maintaining good relations with our merchants by communicating with them on our policies and being receptive to their concerns/feedback. In addition, we actively diversify and increase our merchant base to attract a larger consumer base.

There can be no assurance that our Company is able to build and maintain a good relationship with our customers and merchants in the future. Any deterioration in our relationship with our customers and merchants may have an adverse effect on our business, operation and financial position and performance.

5.1.6 Insurance Coverage

Our Company has purchased insurance policies over the assets of our Company, which include insurance coverage on IT infrastructure and other equipments at our head office, IT centre and all other business locations.

Our Company also purchases insurance policies to cover potential losses arising from, amongst others incidents of fire and theft. Despite that, there is no assurance that our insurance cover is sufficient to offset the potential financial losses arising from such events. Our Company would have to bear the financial costs of the uninsured amount.

5.1.7 Risk from Information Technology

Our Company, being in the financial services sector, is highly dependent on IT to operate our business in terms of maintenance of customer transaction and other data (including storage of voluminous confidential information of our customers), processing of applications, payments and inquiries across our Company and branches (including our AEON-Spots) which are networked to the mainframe servers in our Kuala Lumpur head office and IT centre.

Our Company utilises proprietary credit card systems and an in-house developed system to cater for our Easy Payment Scheme and Personal Financing Scheme. Other sub-systems which our Company utilises are, amongst others, credit assessment sub-systems, recovery sub-systems and credit card fraud detection sub-systems.

5. RISK FACTORS (Cont'd)

As we rely on computer software, network and maintain a database to store voluminous confidential information of our customers, we may face the risk of unauthorised access to database by staff, loss of information resulting from deletions, software and system failures, virus attacks, hacking and blackouts which may potentially wipe out valuable information. Our Company also faces the risk of a breach in our database and IT system security by hackers who will have illegal access to confidential information to make illegal or unauthorised alteration of transaction to information stored on our database and IT system.

In relation to the above, our Management Information Systems Department continuously enhances and develops new sub-systems to improve the efficiency, functionality and security of our systems. Further, our management has in place proper information security management systems and business continuity plans. Our Company has also set up off-site back-up storage for all customer information at our IT centre.

We have also obtained the ISO 27001:2005 by BSI in August 2006, covering the management of information security for handling, storage and utilisation of customer personal information for the purpose of Easy Payment Scheme, Personal Financing Scheme, insurance and credit card business at our Company's head office and Ipoh branch. As required by the ISO 27001:2005, comprehensive risk assessment, formulation of policies and procedures in accordance with the international practices and an extensive awareness program for employees were carried out. We have implemented security controls to recognise and address security risks by establishing control procedures, policies, and best practices for information, personnel, network, and physical security. In addition, our Company has obtained adequate insurance coverage on our IT infrastructure and other electronic equipment at our head office, IT centre and all other business locations.

However, there is no assurance that any loss of information or unauthorised access to our database will not occur and/or it will not have a material adverse effect on our Company's operation and financial results.

5.1.8 Licences, Registration and Certification Requirements

Our Company had on 16 April 1997 pursuant to the BAFIA obtained BNM's acknowledgement for compliance with Section 21(1) of the BAFIA in respect of our factoring business, which has been adopted by our Company as the structure for our GEP Scheme for financing consumer products. In respect of our Company's Personal Financing Scheme and MEP Scheme under the Islamic financing concept, at present, there are no registration and/or approval requirements from any regulatory authorities. However, our Islamic financing products have been certified to be Shariah-compliant by our appointed Shariah advisor pursuant to the Shariah advisor's letters of 23 January 2003 and 20 January 2004.

On 17 August 2005 and 27 October 2005, we had obtained BNM's approval, pursuant to the PSA to issue credit cards. On 12 July 2004 and 22 June 2004, our Company entered into agreements with Visa International Service Association and MasterCard International Incorporated respectively to issue credit cards in Malaysia under the Visa and MasterCard brand names.

However, in the event that the agreements with Visa International Service Association and/or MasterCard International Incorporated are terminated, there is no assurance that it will not have a material adverse effect on our Company's operation and financial results.

5. RISK FACTORS (Cont'd)

At present, save as disclosed in Section 11.9 of this Prospectus and save for general company, contract and commercial laws, our business is not subject to any specific regulations or licensing. However, there can be no assurance that future legislative or regulatory policy changes will not affect our operations.

In the event that there is a change to the existing laws, rules or regulation which requires us to apply for a licence and/or obtain a certification from the relevant authorities, the costs associated with obtaining the licence and certification from the relevant authorities and failure to comply with the conditions imposed by the relevant authorities may have a material effect on our operations and financial results.

5.1.9 Political, Economic and Market Factors that are Outside Our Control

External factors beyond our control can cause volatility in, and adversely affect demand for our services and operating margins. Examples of such external factors include:

- general economic conditions;
- competitors' actions, including significant enhancements in services provided by competitors or reduction in interest/profit rates or charges offered to consumers;
- consumer spending patterns;
- currency fluctuations;
- international events and circumstances such as wars, terrorist attacks and political instability, including continued hostilities in the Middle East; and
- changes in legal regimes and governmental regulations, such as taxation, duties and tariffs, in Malaysia.

Whilst our Company strives to take effective measures such as prudent financial management and ensure efficient operating procedures, there can be no assurance that adverse political, economic and market factors will not materially affect AEON Credit's operations and financial results.

5.2 Risks Relating to Our Company and Operations

5.2.1 Interest/Profit Rate Fluctuation Risk

We borrow funds and seek banking facilities from financial institutions to finance our day-to-day operations. In view of the nature of our business, we are susceptible to fluctuations in interest/profit rates. The interest/profit rates at which we obtain our financing vary, depending on, amongst others, the BNM monetary policy and interest/profit rates charged by financial institutions.

We mitigate our exposure to interest/profit rate fluctuations by:

- (a) our management's efforts in sourcing from various financial institutions which offer competitive interest/profit rates;
- (b) maintaining a prudent level of long term borrowings ranging from two (2) to five (5) years. Our current policy is to maintain long term borrowings of approximately 60% of our total borrowings. This level is considered prudent as long term receivables (due after one year) is less than 40% of our total receivables; and

5. RISK FACTORS (*Cont'd*)

- (c) considering alternative debt funding sources with potential savings in funding cost i.e. tapping into the debt capital markets. On 8 December 2006, our Company had obtained the SC's approval for our CP/MTN Programme. As at 20 September 2007, we had issued RM160 million nominal value medium term notes.

Despite our efforts in mitigating our exposure to interest/profit rate fluctuations, there can be no assurance that changes in the general interest/profit rate environment in Malaysia will not have a material adverse effect on our Company's operations and financial results.

5.2.2 Levels of Borrowings and Interest Cover

As our operations rely to a large extent on borrowings from financial institutions, we are constantly assessing our level of borrowings to ensure that we have the ability to service the interest on the borrowings.

Our level of borrowings has increased steadily over the years due to our business expansion. For the seven (7)-month period ended 20 September 2007, our total borrowing is approximately RM482.228 million compared to RM422.785 million as at the end of FYE 2007. For the seven (7)-month period ended 20 September 2007, our interest cover is approximately 2.62 times whilst for the FYE 2007, our interest cover is approximately 2.53 times.

We attribute our ability to service the interest to our sound cash management practice and continuous review of our financial position. To this effect, we have not defaulted on any principal and interest payment in the past and we have not restructured the repayment schedule of any borrowings. We are also of the opinion that our current level of borrowings and finance costs are justifiable as our total trade receivables is 1.33 times of our total borrowings as at 20 September 2007.

Whilst no absolute assurance can be given that we will be able to repay all our borrowings and service all our interest in the future, our ability to make payments on our loan principal and to service our interest depends on our ability to generate sufficient cash in the future, which is subject to many factors beyond our control. Our failure to repay our borrowings or service our interest in the future may have a material adverse effect on us.

5.2.3 Restrictive Covenants Under Credit Facility Agreements

We have credit facilities amounting to RM389.5 million granted by various local financial institutions and approval to issue medium term notes of up to RM400 million under the CP/MTN Programme, of which RM160 million is outstanding as at 20 September 2007. These credit facilities have various covenants that may limit our operating and financial flexibility in that prior written consent of the relevant financial institutions would have to be obtained. Any breach of these covenants commonly contained in such facility agreements may give rise to a right by the financial institution to terminate the facilities and/or enforce any security granted in relation to the facility given.

Our Management is aware of the covenants and will ensure that all necessary consents are obtained from the abovementioned financial institutions.

However, there can be no assurance that any new credit facilities procured by us would not have restrictive covenants that may further limit our operating and financial flexibility or that the existing covenants will be varied.

5. RISK FACTORS (Cont'd)

5.2.4 Dependence on Financial Institutions and Debt Capital Market for Working Capital

Our Company has extended credit to our customers by lending borrowed funds. For the seven (7)-month period ended 20 September 2007, our total trade receivables (after taking into account allowance for doubtful debts) stood at RM625.644 million and our working capital raised from bank borrowings and debt capital market amounted to RM482.288 million.

We are aware of the risk of depending on any major sources of funds and have diversified our sources of funds by borrowing from ten (10) financial institutions. In addition, our Company has issued RM160 million nominal value medium term notes as at 20 September 2007 under the CP/MTN Programme.

However, there is no assurance that our Company will always be able to source for funds from financial institutions and the debt capital market in the future.

5.2.5 Dependence on Letters of Awareness from AEON Credit Japan

As at 20 September 2007, we have total credit facilities from financial institutions amounting to RM389.5 million, which was obtained for working capital purposes. Approximately 24.3% of our total credit facilities as at 20 September 2007 are supported by letters of awareness from our substantial shareholder, AEON Credit Japan.

For the seven (7)-month period ended 20 September 2007, we do not own any real estate property which can be furnished to financial institutions as security to obtain borrowings. However, we have net trade receivables amounting to RM625.644 million as at 20 September 2007 which have yet to be furnished as security for any borrowings. Our trade receivables may potentially be pledged as floating security under any block discounting or utilised under any asset securitisation exercise, should the need arise. There is no assurance that our performance will not be adversely affected in the event that we fail to obtain funds to finance our operations in a timely manner in the future.

5.2.6 Capital Adequacy Ratio Imposed on our Company

Under the letter of approval from BNM to our Company to issue credit cards in Malaysia, we are required to maintain a capital to risk assets ratio ("Capital Ratio") of 16%, where "capital" refers to shareholders' funds. As at 20 September 2007, our Capital Ratio stood at 18.59%.

Notwithstanding the above, if our capital ratio falls below 16%, our Management will take the necessary actions to raise the requisite funding to accommodate the growth in our Company's trade receivables. However, there is no assurance that the Company will be able to raise the requisite funds in a timely manner.

5.2.7 Our Credit Card Business

We commenced our credit card business in November 2005 after receiving BNM's approval to issue credit cards. Our credit card business is presently operating at a loss. We expect losses in our credit card business to be gradually minimised and expect our credit card business to record its first profit-making financial year in the FYE 2010.

5. RISK FACTORS (Cont'd)

Our Management had conducted detailed market research and feasibility studies on the credit card industry in Malaysia prior to commencing our credit card business to obtain an understanding of the opportunities and challenges in the Malaysian credit card industry. Our Company is targeting to increase our credit card base and has taken the requisite actions to meet the projected credit card base through planning for more credit cards, credit card benefits and promotional activities and utilising the ATM network.

Our Company is confident that the experience and depth of knowledge that our Management brings into the credit card business coupled with leveraging on the experience of AEON Credit Japan in running credit card businesses in Japan and other overseas subsidiaries in Hong Kong, Thailand and Taiwan, will enable our Company to seize opportunities and face challenges to grow our credit card business in Malaysia. The performance of our credit card business is closely monitored by our Management, especially in terms of development of a quality customer database through control on credit approval and minimisation of bad and doubtful debts.

However, there is no assurance that our credit card business will record profit in the FYE 2010 as planned or at a later time. In the interim, we are actively sourcing other business revenues as disclosed in Section 11.3 of this Prospectus.

5.2.8 Our Continued Employment and Performance of Our Directors and Key Management

Our Board and key management team comprises foreign and local employees. Our substantial shareholder and promoter, AEON Credit Japan, seconds its employees to our Company for the position of Managing Director and certain director and key management positions to oversee the operations and performance of our Company whilst certain director and key management positions are filled by local employees.

Our performance and growth to date have been achieved with the contribution and involvement of both the foreign and local members of our Board and the services of our key members of management. Our Senior Management team comprises persons who have many years of relevant working experience and in-depth knowledge of the easy payment scheme, personal financing scheme and credit card industry. The current Managing Director, Naruhito Kuroda, has been with our Company in Malaysia for seven years (7) and with the AEON Credit Japan Group in Asia for a total of fifteen (15) years. Our management team, both local and foreign, have over the last ten (10) years steered our Company towards continued growth in terms of business volume and profitability. Please refer to Section 13.2 of this Prospectus for further information on our key management personnel.

Nevertheless, our continued success does not depend solely upon the continued employment and performance of our key management personnel, due to our continuous effort to develop succession plans for our key management personnel as well as having a structured organisation and operations management systems in place. Our Company has the benefit of sharing knowledge and expertise in consumer credit business management with our holding company, AEON Credit Japan, which has continuously given guidance and support over the years.

5. RISK FACTORS (Cont'd)

Furthermore, we also have in place our Nomination and Remuneration Committees whose responsibilities include, amongst others, to recommend candidates for appointments to our Board, board committees, consultative panels, regulatory committees and key management positions. The work carried out by our Nomination and Remuneration Committees will significantly mitigate the adverse effects to our Company in the event of the departure of any existing Directors and/or key management personnel of our Company. Please refer to Sections 13.1.6 and 13.1.7 of this Prospectus for further details on our Nomination and Remuneration Committees respectively.

Our future success will, to a large extent, depend on our ability to retain our key management personnel and also our ability to attract and retain highly talented managerial and marketing personnel. Competition for such talented personnel is intense. There can be no assurance that we will be successful in retaining or attracting the personnel we require. Accordingly, there is no assurance that any loss of key members of management will not have an adverse effect on our business. Notwithstanding the above, we have a management succession plan in place which would facilitate the continuity of our management with the appropriate experience, expertise and calibre in the event of the departure of any of our key management personnel. Please refer to Section 13.2.5 of this Prospectus for further details on our Management Succession Plans.

5.2.9 Foreign Exchange Risks

Save for certain borrowings denominated in the USD, our Company does not have a significant exposure to foreign exchange risk as our transactions and balances are substantially denominated in RM. As at 20 September 2007, our foreign borrowings amounted to USD10.29 million. Changes in the foreign exchange rate between the RM and USD may have an effect on our financial results. Our Company adopts a policy of hedging all foreign exchange borrowings by entering into forward foreign exchange contracts upon initial drawdown of the facilities.

There can be no assurance that fluctuations in the foreign exchange rate between the RM and USD will not have any adverse effect on our financial results and operations.

5.2.10 Conflict of Interest

AEON Credit Japan, a company incorporated in Japan is the substantial shareholder of our Company. AEON Credit Japan is principally involved in the issuance of credit cards and providing consumer credit in Japan while its subsidiaries are also involved in similar principal activities in Hong Kong, Thailand and Taiwan.

As our substantial shareholder and its subsidiaries are operating in different geographical market segments, our Directors are of the view that AEON Credit Japan's interests in the similar business will not result in any material conflict of interest. On the other hand, our Directors are of the view that AEON Credit would be able to benefit from the experience, knowledge and expertise of AEON Credit Japan in running a successful business operations in Malaysia. However, there can be no assurance in the future that AEON Credit Japan and AEON Credit will not sell their services to the same market and compete with each other.

5.2.11 Brand Recognition

Our continued success and growth are partly dependent on the continued awareness, loyalty and goodwill associated with our Company and AEON brand names. During the course of ten (10) years of operations in Malaysia, we have built a database of more than 600,000 customers who have been using our products and services.

5. RISK FACTORS (Cont'd)

During the same period, our merchants and business partners with more than 5,000 outlets as at 30 September 2007 have endorsed our image, and products and services to their customers.

As at 30 September 2007, our Company has thirteen (13) branches and thirteen (13) AEON-Spots from which we actively market our products and provide customer service in a conducive environment. Our customer service employees are trained to be customer sensitive and are equipped with the right facilities to serve our customers to the expected levels of satisfaction in keeping with our Company's image.

Although we will make all reasonable efforts to promote our brand recognition and loyalty through our distribution channels and other public relations activities, there can be no assurance that there will be an increase in the awareness and loyalty from consumers on our brand name and that any negative publicity or goodwill associated to our branding will not have a material effect on our business.

5.3 Risks Relating to Our Shares

5.3.1 No Prior Trading Market for Our Shares

There is currently no prior trading market for our Shares within or outside Malaysia. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. While the SC has approved the IPO and given approval for our Listing, there can be no assurance that our Shares will be accepted for listing and quotation on the anticipated date. We have applied to Bursa Securities for the listing of and quotation for the entire enlarged share capital of AEON Credit on the Main Board of Bursa Securities. In the event that our Shares are not admitted to the Official List within six (6) weeks from the date of the Prospectus, we will return the monies paid in respect of any application for Shares without interest within fourteen (14) days after our Company becomes liable to do so.

Our Shares could also trade at prices that may be lower than the IPO Price depending on many factors, including prevailing economic, political and financial conditions in Malaysia, our operating results and the markets for similar securities. Neither we nor the Underwriters have any obligation to create a market for our Shares. There can be no assurance that we will be able to maintain our Listing.

5.3.2 The Volatility of the Market Price of Our Shares

The market price of our Shares could be affected by numerous factors, including:

- (i) general market, political and economic conditions;
- (ii) changes in earnings estimates and recommendations by financial analysts;
- (iii) changes in market valuations of listed shares in general and other securities exchanges' shares in particular;
- (iv) changes in government policy, legislation or regulation; and
- (v) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares.

5. RISK FACTORS (Cont'd)

The Malaysian, regional and global equity markets have experienced price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Such fluctuations may adversely affect the market price of our Shares.

5.3.3 The Sale or Possible Sale of a Substantial Number of Our Shares

Immediately after our Listing, we will have 120 million issued and paid-up AEON Credit Shares, of which 45.780 million AEON Credit Shares, or approximately 38.15%, will be held by other investors and 74.220 million AEON Credit Shares, or approximately 61.85%, will be held by our existing substantial shareholder and certain of its related parties, namely AEON Co, AEON Credit Service (ASIA) Co., Ltd and AEON Thana Sinsap (Thailand) PLC ("Related Parties"). With the Listing, our existing substantial shareholder, AEON Credit Japan, and its Related Parties, will be able to trade on the Main Board of Bursa Securities without restriction. If our existing substantial shareholder and its Related Parties sell or are perceived as intending to sell a substantial amount of AEON Credit Shares, the market price for our Shares could be adversely affected.

5.3.4 Delay or Failure in Our Listing

The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:

- (i) the identified investors failing to subscribe to the portion of Shares intended to be placed to them; or
- (ii) the Underwriters exercising their rights pursuant to the underwriting agreement to discharge themselves from their obligations thereunder; or
- (iii) our Company is unable to meet the minimum public spread requirements of the Bursa Securities at the point of listing; or
- (iv) any force majeure event(s) which are beyond our control before our Listing.

After the IPO Shares have been allocated to successful applicants and credited into the applicants' CDS Accounts, which would occur prior to the anticipated date for our Listing, it may not be possible to recover monies paid in respect of these IPO Shares from us in the event the admission and the commencement of trading on the Main Board of Bursa Securities do not occur. Delays in the admission and the commencement of trading in shares on the Main Board of Bursa Securities have also occurred previously.

In respect of IPO Shares following their allotment, a return of monies to all holders of Shares could be achieved by way of a cancellation of capital pursuant to the relevant provisions of the Act and the rules made pursuant thereto. Such cancellation would require the sanction of our shareholders by special resolution in general meeting and confirmation of the High Court of Malaya. There can be no assurance that monies can be recovered within a short period of time in such circumstances. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of subsection 243(2) of the CMSA shall apply accordingly.

5. RISK FACTORS *(Cont'd)*

5.3.5 Payment of Dividends

Our ability to pay dividends or make other distributions to our shareholders may be subject to the future financial performance and cashflow position of our Company. There is no assurance that our Company will be able to distribute dividends to our shareholders as a result of the abovementioned factors. There is also no assurance that we will be able to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividends to our shareholders. Please refer to Section 6.2 of this Prospectus for details on our Company's dividend policy.

5.3.6 Dominance by a Single Group of Shareholders

Upon completion of the IPO, our promoter and substantial shareholder, AEON Credit Japan, together with the Related Parties will collectively hold 61.85% of our enlarged issued and paid-up share capital, resulting in our Company being controlled by a single group of shareholders. It is likely that AEON Credit Japan and its Related Parties will effectively have control of our business direction and the outcome of certain matters by virtue of their single largest collective shareholdings and/or directorships in our Company, unless they are required to abstain from voting by law and/or the relevant authorities.

With the formation of the Audit Committee, which comprises three (3) Independent Directors, it will effectively help to promote transparency in all material transactions and our accountability, thereby protecting the interest of our shareholders. Our interested Directors and shareholders would also be required to abstain from voting in any related party transaction. Please refer to Section 13.1.5 of this Prospectus for the roles and responsibilities of our Company's Audit Committee.

5.4 Other Risks

5.4.1 Significant Variation in the Profit Forecast

Our profit forecast for the FYE 2008 is set out in Section 6 of this Prospectus. The profit forecast is based on the assumptions made by our Directors and is presented on a basis consistent with the accounting policies adopted by us. Furthermore, it reflects the current judgement of our Directors regarding expected conditions and our expected course of action, which is subject to change.

The profit forecast is based on a number of assumptions which are inherently subject to significant uncertainty due to factors including, but not limited to, those identified in Section 5.4.2 of this Prospectus. Many of these factors are not within our control and some of the assumptions with respect to future business decisions and strategies are subject to change. Our actual results may differ from such forecast and such differences may be material and may affect the market price of our Shares and any dividend that may be contemplated.

Under no circumstances should the inclusion of the profit forecast be regarded as a representation, warranty or prediction with respect to its accuracy or the accuracy of the underlying assumptions, or that we had or will achieve or are likely to achieve any particular result.

We do not intend to provide any updated or otherwise revised profit forecast. Prospective investors in our Shares are cautioned to place no reliance on the profit forecast.

5. RISK FACTORS (*Cont'd*)

The profit forecast should be reviewed in conjunction with the description of the business, the historical financial information and the other materials contained in this Prospectus, including the information included elsewhere in Section 5 of this Prospectus.

5.4.2 Forward-looking Statements

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategy, plans and objectives of the Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industry, changes in interest/profit rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward looking statement in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

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