

## 1. BACKGROUND INFORMATION

(a) Issuer

(i) Name : Hong Leong Bank Berhad (“**HLB**” or the “**Issuer**”).

(ii) Address : Correspondence Address:

Level 3, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur

Registered Address:

Level 8, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur

(iii) Business Registration Number : 97141-X.

(iv) Date and Place of Incorporation : 26 October 1934 / Kuching, Sarawak.

(v) Date of Listing, where applicable : 17 October 1994.

(vi) Status on Residence, i.e. whether it is a resident controlled company or non-resident-controlled company : Resident controlled company.

(vii) Principal Activities : HLB is principally engaged in all aspects of commercial banking business and in the provision of related services.

(viii) Board of Directors : As at 28 February 2014, the Board of Directors of the Issuer are as follows:

- (i) YBhg Tan Sri Quek Leng Chan
- (ii) Mr Tan Kong Khoo
- (iii) Mr Kwek Leng Hai
- (iv) YBhg Dato' Mohamed Nazim bin Abdul Razak
- (v) Mr Choong Yee How
- (vi) Mr Quek Kon Sean
- (vii) Ms Lim Lean See
- (viii) YBhg Tan Sri A. Razak bin Ramli
- (ix) Mr Lim Beng Choon
- (x) Ms Chok Kwee Bee

- (ix) Structure of Shareholdings and Names of Shareholders or, in the case of a Public Company, Names of all Substantial Shareholders : As at 28 February 2014, the shareholders of the Issuer are as follows:

Shareholder (Direct / Indirect Interest)	No. of Ordinary Shares		%( <sup>1</sup> )
	Direct	Indirect	
Hong Leong Financial Group Berhad ("HLFG")	1,143,931,005	13,995,880	64.37 <sup>(2)</sup>
Hong Leong Company (Malaysia) Berhad ("HLCM")	-	1,160,501,285	64.52 <sup>(2)</sup>
HL Holdings Sdn Bhd	-	1,160,501,285	64.52 <sup>(3)</sup>
Tan Sri Quek Leng Chan	-	1,160,549,285	64.52 <sup>(4)</sup>
Hong Realty (Private) Limited	-	1,160,501,285	64.52 <sup>(4)</sup>
Hong Leong Investment Holdings Pte Ltd	-	1,160,501,285	64.52 <sup>(4)</sup>
Kwek Holdings Pte Ltd	-	1,160,501,285	64.52 <sup>(4)</sup>
Kwek Leng Beng	-	1,160,501,285	64.52 <sup>(4)</sup>
Davos Investment Holdings Private Limited	-	1,160,501,285	64.52 <sup>(4)</sup>
Kwek Leng Kee	243,400	1,160,501,285	64.53 <sup>(4)</sup>
Quek Leng Chye	-	1,160,501,285	64.52 <sup>(4)</sup>
Guoco Assets Sdn Bhd	-	1,157,926,885	64.37 <sup>(5)</sup>
GuoLine Overseas Limited	-	1,158,107,885	64.38 <sup>(6)</sup>
Guoco Group Limited	-	1,158,107,885	64.38 <sup>(6)</sup>
GuoLine Capital Assets Limited	-	1,160,501,285	64.52 <sup>(6)</sup>
Employees Provident Fund Board	257,233,803	-	14.30

Notes:

- (1) Based on number of shares in circulation of 1,798,808,400 (after excluding 81,100,700 treasury shares as at 28 February 2014).  
 (2) Held through subsidiaries.

- (3) *Held through HLCM.*
- (4) *Held through HLCM and company(ies) in which the substantial shareholder has interest.*
- (5) *Held through HCFG.*
- (6) *Held through subsidiary(ies) and HCFG.*

(x) Authorised, issued and paid-up capital : Authorised capital as at 28 February 2014:  
RM3,000,000,000 comprising 3,000,000,000 ordinary shares of RM1.00 each.

Issued and Paid-up capital as at 28 February 2014:

: RM1,879,909,100 comprising 1,879,909,100 ordinary shares of RM1.00 each.

(xi) Disclosure of the following:

- If the Issuer or its board members have been convicted or charged with any offence under the securities law, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of the application; and : None.
- If the Issuer has been subjected to any action by the stock exchange for the breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of the application. : None.

## 2. PRINCIPAL TERMS AND CONDITIONS

(a) *Names of parties involved in the proposal, where applicable:*

- (i) Principal Adviser : Hong Leong Investment Bank Berhad (“**HLIB**”).
- (ii) Lead Arranger : HLIB.  
  
Principal Adviser/Lead Arranger to be referred to as the “**PA/LA**”.
- (iii) Co-Arranger : Not applicable.
- (iv) Solicitors : Messrs Adnan Sundra & Low.
- (v) Financial Adviser : Not applicable.
- (vi) Technical Adviser : Not applicable.
- (vii) Bond Trustee : Malaysian Trustees Berhad.
- (viii) Guarantor : Not applicable.
- (ix) Valuer : Not applicable.
- (x) Facility Agent : HLIB.
- (xi) Primary Subscriber (under a bought-deal arrangement) and amount subscribed : To be determined prior to each issuance in respect of issuance via a bought deal basis only.  
  
Not applicable for issuance via private placement and book building.
- (xii) Underwriter and amount underwritten : In respect of the first issuance, the multi-currency subordinated notes (“**Sub-Notes**”) will not be underwritten. For subsequent issuances, the Issuer may consider appointing underwriter(s) for the Sub-Notes.
- (xiii) Central Depository : For Ringgit (“**RM**”) denominated Sub-Notes issuance  
  
Bank Negara Malaysia (“**BNM**”).  
  
For non-RM denominated Sub-Notes issuance  
  
Such central depository to be appointed prior to each issuance.
- (xiv) Paying Agent : BNM.

- (xv) Reporting Accountant : Not applicable.
- (xvi) Calculation Agent : Not applicable.
- (xvii) Others (Please Specify)
- Lead Manager : HLIB and such other party(ies) (if any) as may be selected by the Issuer for any particular issuance.
- (b) Facility Description : A multi-currency subordinated notes programme involving the issuance of Sub-Notes of up to RM10.0 billion or its equivalent in other currencies in nominal value ("**Multi-Currency Sub-Notes Programme**").
- The Sub-Notes issued under the Multi-Currency Sub-Notes Programme will qualify as Tier 2 capital of the Issuer in accordance with BNM's *Capital Adequacy Framework (Capital Components)* (the "**Framework**") issued on 28 November 2012.
- (c) Issue/Debt Programme Size : Up to RM10.0 billion or its equivalent in other currencies in nominal value.
- The total outstanding Sub-Notes issued under the Multi-Currency Sub-Notes Programme shall not at any time exceed the nominal value of RM10.0 billion or its equivalent in other currencies.
- (d) Tenure of Issue/Debt Programme : Tenure of the Multi-Currency Sub-Notes Programme
- Thirty (30) years from the date of the first issuance of the Sub-Notes under the Multi-Currency Sub-Notes Programme.
- Tenure of the Sub-Notes
- Each Sub-Note issued under the Multi-Currency Sub-Notes Programme shall have a tenure of not less than five (5) years from its issue date, provided that the Sub-Notes shall mature on or prior to the expiry of the Multi-Currency Sub-Notes Programme and shall, if applicable, be callable on the Call Date (as defined below) subject to the requirements set out in item 2.(u) below in relation to an Early Redemption.

Call Option

Each issuance of Sub-Notes under the Multi-Currency Sub-Notes Programme may have a callable option (“**Call Option**”) (to be determined prior to each issuance). Under the Call Option, if applicable for the relevant Sub-Notes, the Issuer shall have the option to redeem all or part of such Sub-Notes on the Call Date subject to the requirements set out in item 2.(u) below in relation to an Early Redemption.

“**Call Date**” is defined as “the Coupon Payment Date (as defined in item 2.(g)) falling no earlier than five (5) years after the issuance of the Sub-Notes and any Coupon Payment Date thereafter as may be applicable to a particular issuance of Sub-Notes that the Issuer and the Lead Manager agree prior to the issuance of such Sub-Notes”.

- (e) Availability Period of Debt Programme : The Multi-Currency Sub-Notes Programme shall have an availability period of twenty five (25) years from the date of first issuance under the Multi-Currency Sub-Notes Programme.

The date of the first issuance under the Multi-Currency Sub-Notes Programme shall not be later than two (2) years from the date of approval and authorisation by the Securities Commission Malaysia (“**SC**”).

- (f) Interest/Coupon Rate : The coupon rate is to be determined prior to the issue date of each issuance of Sub-Notes. The coupon rate shall be applicable throughout the tenure of the relevant Sub-Notes (i.e. there shall be no step-up coupon rate).

- (g) Interest/Coupon Payment Frequency : Payable semi-annually in arrears from the issue date (“**Coupon Payment Date**”) with the last coupon payment to be made on the maturity date or upon the date of Early Redemption (as defined in item 2.(u) below), whichever is the earlier.

- (h) Interest/Coupon Payment Basis : Actual number of days elapsed on a 365-day basis or in any event in accordance with MyClear Procedures (as defined in item 2.(m) below).

- (i) Security/Collateral, where applicable : None.

- (j) Details on Utilisation of Proceeds : The proceeds of the Sub-Notes shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes, and the refinancing of any existing borrowings incurred, subordinated debt

issued by the Issuer and/or any existing Sub-Notes issued under the Multi-Currency Sub-Notes Programme.

(k) Sinking Fund and Designated Accounts, where applicable : Not applicable.

(l) Rating : For RM denominated Sub-Notes issuance

The rating agency is RAM Rating Services Berhad (“**RAM**”). The preliminary rating for the Sub-Notes is AA<sub>2</sub>.

For non-RM denominated Sub-Notes issuance

The rating requirement is exempted under paragraph 4.11(b) of the SC’s “*Guidelines on Private Debt Securities*” in respect of the non-RM denominated Sub-Notes. However, in the future, the non-RM denominated Sub-Notes may be rated by international rating agency(ies).

(m) Mode of Issue : The Sub-Notes may be issued via direct placement on a best effort basis or a bought deal basis or book running on a best effort basis without prospectus.

For RM denominated Sub-Notes issuance

Issuance of the Sub-Notes shall be in accordance with (1) the Participation and Operation Rules for Payments and Securities Services (“**MyClear Rules**”) issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”); and (2) the Operational Procedures for Securities Services issued by MyClear (“**MyClear Procedures**”), as amended or substituted from time to time (collectively, “**MyClear Rules and Procedures**”), subject to such variation, amendments or exemptions (if any) from time to time.

For non-RM denominated Sub-Notes issuance

The Sub-Notes shall be issued in accordance with the procedures and rules of the relevant jurisdiction.



- (n) Selling Restriction, including Tradability : Selling Restrictions at issuance for RM denominated Sub-Notes

The Sub-Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sub-Notes and to whom the Sub-Notes are issued would fall within:

- (i) Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)); read together with
- (ii) Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007, (“**CMSA**”) as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions after issuance for RM denominated Sub-Notes

The Sub-Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sub-Notes and to whom the Sub-Notes are issued would fall within:

- (i) Schedule 6 (or Section 229(1)(b)); read together with
- (ii) Schedule 9 (or Section 257(3))

of the CMSA as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions at issuance for non-RM denominated Sub-Notes

The Sub-Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sub-Notes and to whom the Sub-Notes are issued would fall within:

- (i) Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)); read together with

- (ii) Schedule 8 (or Section 257(3) or Schedule 9 (or Section 257(3))

of the CMSA as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions after issuance for non-RM denominated Sub-Notes

The Sub-Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Sub-Notes and to whom the Sub-Notes are issued would fall within:

- (i) Schedule 6 (or Section 229(1)(b)); read together with  
(ii) Schedule 8 (or Section 257(3) or Schedule 9 (or Section 257(3))

of the CMSA as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Tradability for RM and non-RM denominated Sub-Notes

The Sub-Notes are transferable (but subject to the Selling Restrictions described above) and tradable under (a) the Rules on Scripless Securities under the Real Time Electronic Transfer of Funds and Securities System operated by MyClear or (b) such other clearing and settlement rules of the relevant jurisdiction as shall be agreed by the Issuer and the Lead Manager.

- (o) Listing Status and Types of Listing

: For RM denominated Sub-Notes issuance

The Sub-Notes may be listed under the Exempt Regime maintained by Bursa Malaysia Securities Berhad. The SC will be notified accordingly in the event of such listing.

For non-RM denominated Sub-Notes issuance

The Notes may be listed on such exchange as may be agreed by the Issuer and the Lead Manager.

(p) Other Regulatory Approvals Required in Relation to the Issue, Offer or Invitation to Subscribe or Purchase Sub-Notes, and whether or not obtained : Approval from BNM for the establishment of the Multi-Currency Sub-Notes Programme which was obtained via its letter dated 20 February 2014.

(q) Conditions Precedent : To include but not limited to the following (all of which shall be in form and substance acceptable to the PA/LA):

A. Main Documentation

The Transaction Documents (as defined in item 2.(v)(iii) below) have been signed and, where applicable, stamped or endorsed as exempted from stamp duty under the relevant legislation and presented for registration.

B. The Issuer

- (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.
- (ii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer.
- (iii) A certified true copy of a board resolution of the Issuer authorising, among others, the issuance of the Sub-Notes and the execution of the Transaction Documents.
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the PA/LA) signed by a director of the Issuer declaring that the Issuer is not wound up and that no winding up petition has been presented against the Issuer.

C. General

- (i) The approval and authorisation from the SC and, where applicable, all other regulatory authorities.

- (ii) The approval from BNM to establish the Multi-Currency Sub-Notes Programme.
  - (iii) The Sub-Notes (where RM denominated) have received the relevant ratings acceptable to the Lead Manager. Where a tranche of the Sub-Notes is to be included as capital in the consolidated total capital of the Hong Leong Financial Group Berhad group, which shall be decided by the Issuer prior to the issuance of such tranche ("**Consolidated Recognition Option**"), it is a condition precedent to the issuance of such tranche that the Issuer has procured the relevant rating agency's written confirmation that the rating assigned to such tranche (where applicable) remains unchanged from the previous assigned rating notwithstanding the adoption of Consolidated Recognition Option in respect of such tranche, which confirmation shall be in form and substance acceptable to the Lead Manager.
  - (iv) Should a rating by international rating agency(ies) for the non-RM denominated Sub-Notes be required by the investor(s), receipt of such rating(s) acceptable to the Lead Manager.
  - (v) A legal opinion from the Solicitors addressed to the PA/LA and the Facility Agent advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents.
  - (vi) A written confirmation from the Solicitors addressed to the PA/LA that all the conditions precedent have been fulfilled or waived as the case may be and where required, all the necessary Transaction Documents have been presented for registration with the relevant registries.
  - (vii) Such other conditions precedent as may be advised by the Solicitors (if any).
- (r) Representations and Warranties : Representation and warranties will include such representation and warranties customary and standard for a facility of this nature and shall include, but not limited to the following:

- (i) The Issuer is duly incorporated, validly in existence and has the power and authority to carry out its business.
  - (ii) The Issuer has the power to enter into the Transaction Documents and exercise its rights and to perform its obligations under the Transaction Documents.
  - (iii) Entry into and the exercise of the Issuer's rights and obligations under the Transaction Documents do not violate any existing law or regulation.
  - (iv) The Transaction Documents create valid, binding and enforceable obligations on the part of the Issuer.
  - (v) All necessary actions, authorisations and consents required under the Transaction Documents and the Sub-Notes have been obtained and remain in full force and effect.
  - (vi) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent a true and fair view.
  - (vii) Save as disclosed in the Information Memorandum, there is no litigation which would have a material adverse effect on the Issuer's ability to perform its obligations under the Transaction Documents.
  - (viii) Any other representation and warranties as may be advised by the Solicitors.
- (s) Events of Default and Enforcement Event, where applicable : The Events of Default shall be:
- (i) Default in payment of any principal or coupon under the Sub-Notes on the due date and the Issuer does not remedy such default within a period of seven (7) business days from the due date; or
  - (ii) An order is made for the winding up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for winding up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or

amalgamation of the Issuer, the terms of which have been approved by the holders of the Sub-Notes by way of special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed, the Trustee may or shall (if directed to do so by a special resolution of the holders of the relevant Sub-Notes) institute proceedings to enforce the payment obligations under the relevant Sub-Notes and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Trustee nor any of the holders of the relevant Sub-Notes shall have the right to accelerate payment of the relevant Sub-Notes in the case of default in the payment of any amount owing under the relevant Sub-Notes or any non-performance of any condition, provision or covenant under the Trust Deed.

Upon occurrence of item (ii) above, subject to the terms of the Trust Deed, the Trustee may or shall (if directed to do so by a special resolution of the holders of the Sub-Notes) declare (by giving written notice to the Issuer) that the Sub-Notes together with all other sums payable under the Sub-Notes shall become and be immediately due and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Sub-Notes, whereupon such amounts shall become and be immediately due and payable.

For the avoidance of doubt, the occurrence of Event of Default (i) above for any tranche of the Sub-Notes will not trigger an Event of Default for other tranches of the Sub-Notes outstanding. However, occurrence of Event of Default (ii) above will trigger an Event of Default for all tranches of the Sub-Notes outstanding.

- (t) Covenants : The Issuer shall comply with such applicable positive covenants as may be advised by the Solicitors and/or which are required in order to comply with the SC's Trust Deeds Guidelines including, but not limited to the following:
- (i) Exercise reasonable diligence in carrying on its business in a proper and efficient manner and keep in force and effect all licenses, consents and rights necessary for the conduct of its business.

- (ii) At all times comply with all relevant laws and regulations.
  - (iii) Maintain a paying agent in Malaysia.
  - (iv) Maintain proper books and accounts and deliver a copy of its audited financial statements to the Trustee in a timely manner.
  - (v) Inform the Trustee of any actual or potential Event of Default.
  - (vi) Deliver to the Trustee an annual certificate of compliance.
- (u) Provisions on Buy-Back and Early Redemption of Sub-Notes : Buy-Back of the Sub-Notes

The Issuer or any of its subsidiaries may at any time purchase, subject to the prior approval of BNM where applicable (but which approval shall not be required for a purchase done in the ordinary course of business), the Sub-Notes at any price in the open market or by private treaty provided no Non-Viability Event (as defined in item 2.(v)(viii) below) has occurred prior to the date of such purchase. If purchase is made by tender for a tranche of the Sub-Notes, such tender must (subject to any applicable rules and regulations) be made available to all holders of that tranche of the Sub-Notes equally.

The Sub-Notes purchased by the Issuer or its subsidiaries (other than in the ordinary course of business) shall be cancelled. The Sub-Notes purchased by related corporations (other than its subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the Sub-Notes subject to any exceptions in the SC's Trust Deeds Guidelines.

For the avoidance of doubt, the Sub-Notes held by related corporations or any interested person of the Issuer shall not be counted for the purposes of voting subject to any exceptions in the SC's Trust Deeds Guidelines. The Sub-Notes purchased and cancelled shall not be available for reissuance by the Issuer.

For the purpose of this clause, the term “ordinary course of business” includes those activities performed by the Issuer or any related corporation of the Issuer for third parties but excludes those performed for the funds of the Issuer or such related corporation. Third parties herein refer to clients of the Issuer, of its subsidiaries’ and of related corporations.

#### Early Redemption

For each tranche of the Sub-Notes where a Call Option is applicable, the Issuer may, at its sole discretion, and subject to the prior approval of BNM, redeem that tranche of the Sub-Notes in part or in whole on the Call Date at their nominal amount together with accrued but unpaid coupon (if any). The early redemption by the Issuer of the Sub-Notes of one tranche does not trigger the redemption of the Sub-Notes in other tranches.

#### Regulatory Redemption

If at any time there is more than an insubstantial risk, as determined by the Issuer, that (i) any tranche of the Sub-Notes (in whole or in part) issued will, either immediately or with the passage of time or upon either the giving of notice or fulfilment of a condition, no longer fully qualify as Tier 2 capital of the Issuer (whether due to a change in accounting or tax policies or BNM’s regulations or otherwise) for the purposes of BNM’s capital adequacy requirements under any regulations applicable to the Issuer; or (ii) changes in law will make it unlawful to continue performing its obligations under the Sub-Notes, the Issuer may at its option, redeem such tranche of the Sub-Notes in full at their nominal amount together with accrued but unpaid coupon (if any), subject to the prior approval of BNM.

#### Tax Redemption

If there is more than an insubstantial risk that the Issuer (i) has or will be required to pay any additional amounts because of taxes, duties, assessments or government charges of whatever nature in relation to any tranche of the Sub-Notes; or (ii) would no longer be able to deduct interest in respect of any tranche of the Sub-Notes for taxation purposes, as a result of a change in, or amendment to, any applicable laws or regulations of Malaysia or any political subdivision or any



authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment comes into effect on or after the issue dates of the relevant Sub-Notes and the Issuer cannot, by taking reasonable measures available to it, avoid the payment of any additional amounts or deduct interest in respect of any tranche of the Sub-Notes, the Issuer may, at its option, redeem such tranche of the Sub-Notes in full at their nominal amount together with accrued but unpaid coupon (if any), subject to the prior approval of BNM.

(v) Other Principal Terms and Conditions for the Issue

(i) Redemption at Maturity : Unless previously redeemed on the Call Date or redeemed pursuant to a Tax Redemption or a Regulatory Redemption or purchased from the market and cancelled, the Sub-Notes will be redeemed at their nominal amount together with accrued but unpaid coupon (if any) on their respective maturity dates.

(ii) Status of Sub-Notes : The Sub-Notes will constitute direct and unsecured obligations of the Issuer and subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-Notes, ranking pari passu among themselves. The Sub-Notes will, in the event of a winding up or liquidation of the Issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinate to the Sub-Notes.

(iii) Transaction Documents : The Sub-Notes shall be evidenced by, inter alia, the following:

(i) Programme Agreement;

(ii) Securities Lodgement Form;

(iii) Trust Deed; and

(iv) Any other relevant agreements as advised by the Solicitors.

(iv) Trustee's Reimbursement : The Trustee shall open and maintain, throughout the tenure of the Sub-Notes, a trustee's

- Account reimbursement account for the Sub-Noteholders' actions (the "**Account**") and the credit balance of the Account must be no less than RM30,000.00 which amount is to be obtained from the proceeds of issuance of the Sub-Notes.
- (v) Taxation : All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present or future tax, duty, or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any authority thereof having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.
- (vi) Voting Rights : The holders of the Sub-Notes shall have no voting rights in the Issuer.
- (vii) Other Conditions : The Sub-Notes shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority having jurisdiction over matters pertaining to the Sub-Notes.
- (viii) Non-Viability Loss Absorption : Following the occurrence of the following trigger events (each a "**Non-Viability Event**"), whichever is the earlier:
- (i) BNM and the Malaysia Deposit Insurance Corporation ("**PIDM**") have notified the Issuer in writing that they are of the opinion that the write off of the Sub-Notes, together with the conversion or write off of any other Tier 2 instruments and Tier 1 instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, is necessary, without which the Issuer or the Hong Leong Financial Group Berhad group (if the Consolidated Recognition Option has been adopted in respect of such tranche of the Sub-Notes), would cease to be viable; or
  - (ii) BNM and PIDM publicly announces that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer or the Hong Leong Financial Group Berhad group (if the Consolidated Recognition Option has been adopted in respect of such tranche of the Sub-Notes),

would cease to be viable,

BNM shall have the option to require the entire principal outstanding, or a part thereof, and all other amounts owing under the Sub-Notes to be written off, and if BNM elects to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event (as defined above), each of the holders of the Sub-Notes hereby irrevocably waives its right to receive repayment of the principal amount of the Sub-Notes so written off and also irrevocably waives its right to any coupon (including coupon accrued but unpaid up to the date of the occurrence of a Non-Viability Event). For the avoidance of doubt, the requirement for a write off following the occurrence of a Non-Viability Event involving the Hong Leong Financial Group Berhad group will only apply to such tranche of the Sub-Notes in respect of which the Consolidated Recognition Option has been adopted and will not apply to other tranches of the Sub-Notes in respect of which the Consolidated Recognition Option has not been adopted.

For the avoidance of doubt, upon the occurrence of a Non-Viability Event as described under (i) or (ii) above, where the Issuer is required by BNM to write off or convert a portion of all the Tier 2 instruments and Tier 1 instruments of the Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, the Issuer shall first convert or write off the relevant Tier 1 instruments (if applicable), to be followed by the write off or conversion of the relevant Tier 2 instruments on a *pari passu* basis.

For the avoidance of doubt, such write off shall not constitute an event of default or enforcement event, nor would it trigger any cross-default under the Sub-Notes.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from the BNM as per the clause herein where the Issuer shall immediately inform the Trustee and the Rating Agency of the same.

The Sub-Notes will under no circumstances be converted into equity of the Issuer and will only absorb losses pursuant to the terms specified herein.

- (ix) Governing Laws : For RM denominated Sub-Notes issuance  
Laws of Malaysia.  
For non-RM denominated Sub-Notes issuance  
The laws of such jurisdiction as shall be agreed upon by the Issuer and the Lead Manager.