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AEON CREDIT SERVICE (M) BERHAD
(Company No. 412767-V)

INFORMATION MEMORANDUM

IN RELATION TO THE PROPOSED ISSUANCE OF ISLAMIC COMMERCIAL PAPERS PURSUANT TO AN ISLAMIC COMMERCIAL PAPERS PROGRAMME OF UP TO RM1,000.0 MILLION IN NOMINAL VALUE BASED ON THE ISLAMIC PRINCIPLE OF MURABAHAH (VIA A TAWARRUQ ARRANGEMENT)

PRINCIPAL ADVISER



RHB Investment Bank Berhad
(Company No. 19663-P)

JOINT LEAD ARRANGERS



AmInvestment Bank Berhad
(Company No. 23742-V)



Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
(Company No. 302316-U)



Mizuho Bank (Malaysia) Berhad
(Company No. 923693-H)



RHB Investment Bank Berhad
(Company No. 19663-P)

JOINT LEAD MANAGERS



AmInvestment Bank Berhad
(Company No. 23742-V)



Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
(Company No. 302316-U)



CIMB Investment Bank Berhad
(Company No. 18417-M)



Maybank Investment Bank Berhad
(Company No. 15938-H)



RHB Investment Bank Berhad
(Company No. 19663-P)

This Information Memorandum is dated 20 July 2015

IMPORTANT NOTICE

RESPONSIBILITY STATEMENT

This Information Memorandum in relation to the proposed issuance of Islamic commercial papers ("**Sukuk Murabahah**") pursuant to an Islamic commercial papers programme of up to RM1,000.0 million in nominal value based on the Islamic principle of Murabahah (via a Tawarruq arrangement) ("**ICP Programme**") has been approved by the directors of AEON Credit Service (M) Berhad (Company No. 412767-V) ("**AEON Credit**", the "**Issuer**" or the "**Company**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries in the circumstances, and to the best of their knowledge, information and belief, there are no false or misleading statements or other material facts the omission of which would make any statement in this Information Memorandum false or misleading and that there are no material omissions of any information and data in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

The Issuer has authorised RHB Investment Bank Berhad (Company No. 19663-P) ("**RHB Investment Bank**") as the principal adviser ("**PA**") and AmlInvestment Bank Berhad (Company No. 23742-V) ("**AmlInvestment Bank**"), Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (Company No. 302316-U) ("**BTMU**"), Mizuho Bank (Malaysia) Berhad (Company No. 923693-H) ("**Mizuho**") and RHB Investment Bank as the joint lead arrangers (collectively, the "**JLAs**"), and AmlInvestment Bank, BTMU, CIMB Investment Bank Berhad (Company No. 18417-M) ("**CIMB**"), Maybank Investment Bank Berhad (Company No. 15938-H) ("**Maybank IB**") and RHB Investment Bank as the joint lead managers (collectively, the "**JLMs**") to circulate or distribute this Information Memorandum, which is now being provided by the JLAs and JLMs on a confidential basis to potential investors or placees falling within any one of the categories of persons specified in:- (i) at the point of issuance of the Sukuk Murabahah, Schedule 6 (or Section 229(1)(b) of the Capital Markets and Services Act, 2007 as amended from time to time ("**CMSA**")) and Schedule 7 (or Section 230(1)(b) of the CMSA) read together with Schedule 9 (or Section 257(3) of the CMSA); and (ii) after the issuance of the Sukuk Murabahah, Schedule 6 (or Section 229(1)(b) of the CMSA) read together with Schedule 9 (or Section 257(3) of the CMSA), for the sole purpose of assisting them to decide whether or not to subscribe for the Sukuk Murabahah.

The ICP Programme has been assigned a short-term rating of P1 by RAM Rating Services Berhad ("**RAM**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by RAM.

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the Sukuk Murabahah, (g) it is subscribing for or accepting the Sukuk Murabahah for its own account, and (h) it is a person falling within one of the categories of persons specified in:- (i) at the point of issuance of the Sukuk Murabahah, Schedule 6 (or Section 229(1)(b) of the CMSA) and Schedule 7 (or Section 230(1)(b) of the CMSA) read together with Schedule 9 (or Section 257(3) of the CMSA); and (ii) after the issuance of the Sukuk Murabahah, Schedule 6 (or Section 229(1)(b) of the CMSA) read together with Schedule 9 (or Section 257(3) of the CMSA). Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer, issue or invitation to subscribe or purchase of the Sukuk Murabahah in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Murabahah is not, and should not be construed as, a recommendation by the Issuer, the PA/JLAs/JLMs or any other party to the recipient to subscribe for or purchase the Sukuk Murabahah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Murabahah and all other relevant matters, and each recipient should consult its own professional advisers.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Murabahah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Murabahah is correct as of any time subsequent to the date indicated in the document containing the same. The PA/JLAs/JLMs expressly do not undertake to review the financial condition or affairs of the Issuer or its subsidiaries during the life of the Sukuk Murabahah or to advise any investor in the Sukuk Murabahah of any information coming to their attention. The recipient of this Information Memorandum or the potential investors should review, inter alia, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any Sukuk Murabahah.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses in which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative or informational purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third party sources.

The transaction structure relating to the Sukuk Murabahah has been approved by the Shariah Adviser. Prospective investors should not rely on the approval referred to above in deciding whether to make an investment in the Sukuk Murabahah and should consult their own Shariah adviser as to whether the proposed transaction described in the approval referred to above is in compliance with Shariah.

Unless otherwise specified or the context requires, references to “Ringgit”, “Ringgit Malaysia”, “RM” and “sen” are the lawful currency of Malaysia.

FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Information Memorandum which may contain words or phrases such as “will”, “would”, “aimed”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of the Issuer with respect to, but not limited to, their ability to successfully implement their strategy, their ability to integrate future mergers or acquisitions into their operations, future levels of non-performing assets and restructured assets, their growth and expansion, the adequacy of their allowance for credit and investment losses, technological changes, investment income, their ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings they are or become a party to, the future impact of new accounting standards, their ability to implement their dividend policy, their ability to roll over their short-term funding sources, their exposure to market risks and the market acceptance of and demand for property.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Information Memorandum include, but are not limited to, general economic and political conditions in Malaysia and the other countries which have an impact on the Issuer’s business activities or investments, political or financial instability in Malaysia or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by any country, inflation, deflation, unanticipated turbulence in interest rates, changes in foreign exchange rate, equity prices or other rates or prices, the performance of the financial markets in Malaysia and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and pricing environment in Malaysia and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under “**Investment Considerations**” contained in Section 5.0 of this Information Memorandum.

ROUNDING

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after rounding.

ACKNOWLEDGEMENT

The Issuer hereby acknowledges that it has authorised the PA/JLAs/JLMs to circulate or distribute this IM on its behalf in respect of, or in connection with, the proposed offer or invitation to subscribe for, and issue of the Sukuk Murabahah to prospective investors and that no further evidence of authorisation is required.

STATEMENTS OF DISCLAIMER BY THE SECURITIES COMMISSION MALAYSIA

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the Securities Commission Malaysia (the “SC”), who takes no responsibilities for its contents.

The issue, offer or invitation in relation to the Sukuk Murabahah in this Information Memorandum or otherwise is subject to the fulfilment of various conditions precedent including without limitation the approval and authorisation of the SC.

The SC vide its letter dated 8 May 2015 has approved and authorised the issuance of the Sukuk Murabahah pursuant to Sections 214(1) and 256C(1) of the CMSA as amended from time to time. Please note that the approval and authorisation of the SC shall not be taken to indicate that the SC recommends the subscription for or purchase of the Sukuk Murabahah.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in the Information Memorandum.

EACH ISSUANCE OF THE SUKUK MURABAHAH UNDER THE ICP PROGRAMME WILL CARRY DIFFERENT RISKS AND ALL PROSPECTIVE INVESTORS SHOULD EVALUATE EACH ISSUANCE OF THE SUKUK MURABAHAH BASED ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENT.

IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

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Transmission over the internet may be subject to interruptions, transmission blackout, delayed transmission due to internet traffic, incorrect data transmission due to the public nature of the internet, data corruption, interception, unauthorised amendment, tampering, viruses or other technical, mechanical or systemic risks associated with internet transmissions. The Issuer and/or the PA/JLAs/JLMs have not accepted and will not accept any responsibility and/or liability for any such interruption, transmission blackout, delayed transmission, incorrect data transmission, data corruption, interception, unauthorised amendment, tampering, viruses, technical, mechanical or systemic risks or any consequences thereof.

The foregoing is in addition to and without prejudice to all other disclaimers and agreements as provided in this Information Memorandum which disclaimers and agreements, the Recipient shall be deemed to have agreed to or be bound by.

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DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

ACSS	- AEON Credit Service Systems (Philippines) Inc.
AEON Credit or Issuer or Company	- AEON Credit Service (M) Berhad (Company No. 412767-V).
AEON Group	- AEON Co., Ltd., Japan and its subsidiaries, collectively.
AFSJ	- AEON Financial Service Co., Ltd., Japan.
AFSJ Group	- AFSJ and its subsidiaries, collectively.
AmInvestment Bank	- AmInvestment Bank Berhad (Company No. 23742-V).
BAFIA	- Banking and Financial Institutions Act, 1989 (which Act has since been repealed and replaced by the FSA).
BNM	- Bank Negara Malaysia.
Board	- Board of Directors of the Issuer.
BTMU	- Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (Company No. 302316-U).
Bursa Securities	- Bursa Malaysia Securities Berhad (Company No. 635998-W).
Business Day(s)	- a day (other than Saturday, Sunday and public holiday) on which commercial banks and investment banks licensed under the FSA are open for business in Kuala Lumpur and Selangor, as specified in the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd.
CCRIS	- Central Credit Reference Information System.
CIMB	- CIMB Investment Bank Berhad (Company No. 18417-M).
CMSA	- Capital Markets and Services Act 2007 (as amended from time to time).
Companies Act	- Companies Act, 1965 (as amended from time to time).
FPE 2015	- The financial period from 21 February 2014 to 28 February 2015.
FSA	- Financial Services Act, 2013 (as amended from time to time).
FYE	- The financial year ended 20 February.

GDP	- Gross Domestic Product.
ICP Programme	- Islamic commercial papers programme of up to RM1,000.0 million in nominal value based on the Islamic principle of Murabahah (via a Tawarruq arrangement).
ISO	- International Organisation for Standardisation.
IT	- Information Technology.
Joint Lead Arrangers/ JLAs	- Joint Lead Arrangers, collectively, AmInvestment Bank, BTMU, Mizuho and RHB Investment Bank.
Joint Lead Managers/ JLMs	- Joint Lead Managers, collectively, AmInvestment Bank, BTMU, CIMB, Maybank IB, RHB Investment Bank or such other joint lead manager(s) as may be appointed and mutually agreed between the Issuer and the then existing JLMs.
Maybank IB	- Maybank Investment Bank Berhad (Company No. 15938-H).
Mizuho	- Mizuho Bank (Malaysia) Berhad (Company No. 923693-H).
NPL	- Non-performing loans.
Perpetual Notes	- The unrated subordinated conventional perpetual notes issued pursuant to the Perpetual Notes Programme.
Perpetual Notes Programme	- Perpetual notes programme of up to RM400.0 million in nominal value.
Perpetual Sukuk	- The unrated subordinated Islamic perpetual notes issued pursuant to the Perpetual Sukuk Programme.
Perpetual Sukuk Programme	- Perpetual sukuk programme of up to RM400.0 million in nominal value under the Shariah principle of Musharakah.
Principal Adviser/ PA	- RHB Investment Bank.
PSA	- Payment Systems Act, 2003 (repealed and replaced by the FSA).
RAM	- RAM Rating Services Berhad (Company No. 763588-T).
RHB Investment Bank	- RHB Investment Bank Berhad (Company No. 19663-P).
RENTAS	- Real Time Electronic Transfer of Funds and Securities.
Ringgit/RM and sen	- Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia.

SC	- Securities Commission Malaysia.
Shariah Adviser	- RHB Islamic Bank Berhad (Company No. 680329-V).
SME	- small and medium enterprises.
Sukukholders	- the holders of the Sukuk Murabahah.
Sukuk Murabahah	- Islamic commercial papers issued/to be issued under the ICP Programme, the outstanding nominal value of the Sukuk Murabahah shall not exceed RM1,000.0 million at any point in time.
Sukuk Trustee	- Malaysian Trustees Berhad (Company No. 21666-V).
Tokyo Stock Exchange	- the stock exchange of Tokyo, Japan.
TPMs	- Tender Panel Members.
Trust Deed	- means the trust deed (including the schedules thereto) dated 10 July 2015 made between the Issuer and the Sukuk Trustee in respect of the Sukuk Murabahah, as from time to time modified in accordance with the provisions therein contained, and includes any deed or other document supplemental thereto.
USD	- the lawful currency of the United States of America.

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SECTION 1.0 EXECUTIVE SUMMARY

The information set out in this section is an executive summary of the principal features of the transaction. It is qualified in its entirety by, and must be read in conjunction with, the further detailed information appearing elsewhere in this Information Memorandum.

1.1 Brief background of AEON Credit

AEON Credit was incorporated in Malaysia under the Companies Act, 1965 on 6 December 1996 as a private limited company and was converted into a public limited company on 9 February 2007. AEON Credit was listed on the Main Market of Bursa Securities on 12 December 2007.

The principal activities of the Issuer consist of the provision of easy payment schemes, personal financing schemes, and issuance of credit cards under international brand names of *Visa* and *MasterCard*. The personal financing schemes and certain easy payment schemes are based on Islamic principles. Please refer to Section 4.0 of this Information Memorandum for the Overview of the Issuer's business.

1.2 Financial performance of AEON Credit

AEON Credit's strong profit performance has been supported by its lucrative profit margins. In FPE 2015, its pre-tax profit increased by 23.7% year-on-year to RM289.3 million on the back of an operating revenue of RM871.6 million. The Issuer's financing receivables continued to grow in FPE 2015, which was mainly attributable to its vehicle financing. In line with its rapid financing growth in the last few years, AEON Credit's gross NPL ratio had inched up from 2.1% to 2.8% as at end-February 2015 while its credit-cost ratio of 4.43% per annum was higher compared to 4.06% per annum in the preceding year. Nonetheless, its lucrative margins provide a buffer to absorb credit losses. Please refer to Section 4.1 of this Information Memorandum for further information on the Issuer's financial performance.

1.3 Brief summary of the structure of the ICP Programme

Please refer to the definitions in Section 2.0 of this Information Memorandum for all terminologies used under this section.

ICP Programme

The ICP Programme entails the issuance of Sukuk Murabahah of up to RM1,000.0 million in nominal value based on the approved Islamic principle of Murabahah (via a tawarruq arrangement).

The ICP Programme will have a tenure of seven (7) years from the first issue date. The first issuance of the Sukuk Murabahah under the ICP Programme shall not be later than two (2) years from the date of the SC's approval and authorisation of the ICP Programme. Each Sukuk Murabahah issuance shall have maturities from one (1) to twelve (12) months as the Issuer may select, provided that each Sukuk Murabahah issuance matures on or prior to the expiry of the ICP Programme.

The Issuer shall have the option to upsize the programme limit of the ICP Programme and for the avoidance of doubt, the Sukukholders shall via the Trust Deed provide their upfront consent for any upsizing of the ICP Programme provided that there is no adverse impact on the rating of the ICP Programme and it shall not unfairly discriminate against or is otherwise prejudicial to the Sukukholders. Any upsizing of the programme limit shall be subject to the approval of all regulatory authorities being obtained.

The Sukuk Murabahah may be issued via competitive tender by the TPMs or private placement on a best effort basis.

The structure, mechanism and diagrammatical illustration for the Sukuk Murabahah are set out in Section 2.0 of the Information Memorandum. Please refer to Section 2.0 below for details of the principal terms and conditions of the ICP Programme.

1.4 Status of the Sukuk Murabahah

The obligations represented by the Sukuk Murabahah shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* without discrimination, preference or priority amongst themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the transaction documents.

1.5 Utilisation of proceeds

The proceeds raised from the issuance of the Sukuk Murabahah shall be utilised by the Issuer for working capital, financing disbursements to customers in the ordinary course of business of providing customer financing based on Islamic principle, financing of expenses relating to the ICP Programme and the repayment of the existing and future banking facilities of the Issuer.

For the avoidance of doubt, the utilisation of the proceeds of the Sukuk Murabahah as abovementioned shall at all times be Shariah-compliant.

1.6 Regulatory approvals obtained

The Issuer has obtained approval and authorisation from the SC for the establishment of the ICP Programme and for the issuance of Sukuk Murabahah vide its letter dated 8 May 2015.

1.7 Rating

The ICP Programme has been assigned a short-term rating of P1 by RAM vide its letter dated 12 February 2015.

1.8 Selling Restrictions

The Sukuk Murabahah are tradable but shall not be offered or sold, transferred or otherwise disposed, directly or indirectly, other than to persons falling within any of the following categories of persons or in the circumstances specified under the following schedules of the CMSA:

At the point of issuance of the Sukuk Murabahah

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

of the CMSA.

After the issuance of the Sukuk Murabahah

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

of the CMSA.

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SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE ICP PROGRAMME

2. PRINCIPAL TERMS AND CONDITIONS OF THE ICP PROGRAMME

(a) Name of parties involved in the proposal, where applicable

- | | | |
|--------|---|--|
| (i) | Principal Adviser | RHB Investment Bank Berhad (" RHB Investment Bank "). |
| (ii) | Lead Arranger | AmlInvestment Bank Berhad (" AmlInvestment Bank "), Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (" BTMU "), Mizuho Bank (Malaysia) Berhad (" Mizuho Bank ") and RHB Investment Bank (collectively, the " Joint Lead Arrangers "). |
| (iii) | Co-arranger | Not applicable. |
| (iv) | Solicitor | Messrs. Adnan, Sundra & Low (" Solicitors "). |
| (v) | Financial adviser | Not applicable. |
| (vi) | Technical adviser | Not applicable. |
| (vii) | Sukuk trustee | Malaysian Trustees Berhad (" Sukuk Trustee "). |
| (viii) | Shariah adviser | RHB Islamic Bank Berhad (" Shariah Adviser "). |
| (ix) | Guarantor | Not applicable. |
| (x) | Valuer | Not applicable. |
| (xi) | Facility agent | RHB Investment Bank (" Facility Agent "). |
| (xii) | Primary subscriber (under a bought-deal arrangement) and amount subscribed | Not applicable. |
| (xiii) | Underwriter and amount underwritten | <p>The Islamic Commercial Papers ("Sukuk Murabahah") may be underwritten if the Issuer and the Joint Lead Arrangers mutually agree based on terms and conditions, including those relating to the underwritten rate and the underwriting fees.</p> <p>In the event underwriting (either partial or full) is required, the Islamic Commercial Papers Programme of up to RM1,000.0 million ("ICP Programme") shall be underwritten by a consortium of eligible financial institutions to be arranged by the Joint Lead Arrangers on a best effort basis.</p> |
| (xiv) | Central depository | Bank Negara Malaysia (" BNM "). |
| (xv) | Paying agent | BNM. |

(xvi) Reporting accountant	Not applicable.
(xvii) Calculation agent	Not applicable.
(xviii) Others (please specify)	<p><u>Joint Lead Managers</u></p> <ul style="list-style-type: none"> (i) AmInvestment Bank; (ii) BTMU; (iii) CIMB Investment Bank Berhad; (iv) Maybank Investment Bank Berhad; (v) RHB Investment Bank; or (vi) such other Joint Lead Manager(s) to be appointed from time to time and agreed between the Issuer and the then existing Joint Lead Managers. <p><u>Tender Panel Members (“TPMs”)</u></p> <p>Persons to whom an issue of, or an offer or invitation to subscribe the Sukuk Murabahah would fall within any of the categories of persons or in the circumstances specified under Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 (“CMSA”).</p> <p>The composition of the TPMs may be varied from time to time by the Joint Lead Arrangers in consultation with the Issuer.</p>
(b) Islamic principle used	The Sukuk Murabahah are to be issued under the Islamic principle of Murabahah (via a tawarruq arrangement).
(c) Facility description	An ICP Programme based on the Islamic principle of Murabahah (via a tawarruq arrangement) in the following form:
	<p><u>Commodity Murabahah</u></p> <ol style="list-style-type: none"> 1. The Sukuk Trustee (on behalf of the investors of the Sukuk Murabahah (the “Sukukholders”)), shall appoint AEON Credit as agent/wakeel of the Sukukholders (in such capacity, the “Purchase Agent”) to purchase and sell certain Shariah-compliant commodities (the “Commodities”). The Purchase Agent will then appoint the Facility Agent to act as the sub-agent to purchase and sell the Commodities (in such capacity, the “Sub-Purchase Agent”). 2. AEON Credit (as Purchaser for itself) shall from time to time, issue a purchase order (“Purchase Order”) to the Purchase Agent and the Sub-Purchase Agent to

purchase the Commodities. In the Purchase Order, AEON Credit (as Purchaser for itself) will request the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities and will irrevocably and unconditionally undertake to purchase the Commodities from the Sukukholders via the Sub-Purchase Agent at a price (the “**Deferred Sale Price**”) equivalent to the nominal value of the Sukuk Murabahah, being the aggregate of (i) the Purchase Price (as defined in paragraph 3 below), and (ii) the profit of the relevant Sukuk Murabahah, payable on a deferred payment basis. The Deferred Sale Price shall be an amount equivalent to the nominal value of the Sukuk Murabahah.

3. Based on the Purchase Order, the Sub-Purchase Agent will purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila’ commodity platform and/or other independent commodity brokers, which shall be identified prior to each Sukuk Murabahah issuance, through a Commodity Trading Participant (“**CTP**”) at a purchase price (“**Purchase Price**”) which shall be an amount equivalent to the Sukuk Murabahah proceeds. The Purchase Price of the Commodities shall be in line with the asset pricing requirement stipulated under the Guidelines on Sukuk revised and effective on 28 August 2014 issued by the SC (“**Guidelines on Sukuk**”) as may be amended from time to time.
4. AEON Credit (as the Issuer) shall then issue Sukuk Murabahah to the Sukukholders whereby the proceeds thereof shall be used to pay the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence, amongst others, the Sukukholders’ ownership of the Commodities and once the Commodities are sold to AEON Credit (as the Purchaser for itself), the Sukukholders’ entitlement to receive the Deferred Sale Price.
5. Thereafter, the Sub-Purchase Agent (on behalf of the Purchase Agent as wakeel to the Sukukholders) shall sell the Commodities to AEON Credit (as the Purchaser for itself) at the Deferred Sale Price.
6. Upon completion of such purchase, the Purchaser shall sell the Commodities to the Bursa Suq Al-Sila’ commodity market and/or other independent commodity brokers, which shall be identified prior to each Sukuk Murabahah issuance, through a CTP for a cash consideration equal to the Purchase Price on a spot basis.
7. The Sukuk Murabahah will be issued without periodic profit payments and AEON Credit shall only make a one-off payment in one lump sum on the maturity

date, which shall be equivalent to the Deferred Sale Price, to the Sukukholder(s).

On (i) the maturity date of the relevant Sukuk Murabahah; or (ii) upon the declaration of an Event of Default (as defined in clause (v) below), whichever is earlier, all amounts then outstanding on the Deferred Sale Price shall be paid by AEON Credit (as the Issuer) to the Sukukholders as final settlement of the same, subject to Ibra' (as defined in clause (y)(v) below), where applicable, whereupon the relevant Sukuk Murabahah shall be cancelled.

The transaction structure is set out in Appendix 1.

- | | |
|---|--|
| (d) Identified assets | Shariah-compliant Commodities available from commodity vendor(s) at Bursa Suq Al-Sila and/or other independent commodity brokers, but would exclude ribawi items in the category of medium of exchange such as currency, gold and silver, and which will be identified from time to time prior to each issuance of the Sukuk Murabahah. |
| (e) Purchase and selling price/rental (where applicable) | To be determined prior to each issuance of Sukuk Murabahah under the ICP Programme. |
| (f) Issue/sukuk programme size | <p>The outstanding nominal value of Sukuk Murabahah issued under the ICP Programme at any point in time shall not exceed RM1,000.0 million.</p> <p>The Issuer shall have the option to upsize the programme limit of the ICP Programme and for the avoidance of doubt, the Sukukholders shall via the Trust Deed provide their upfront consent for any upsizing of the ICP Programme provided that there is no adverse impact on the rating of the ICP Programme and shall not unfairly discriminate against or is otherwise prejudicial to the Sukukholders. Any upsizing of the programme limit shall be subject to the approval of all regulatory authorities being obtained.</p> |
| (g) Tenure of issue/sukuk programme | <p><u>ICP Programme</u></p> <p>Seven (7) years from the first issue date under the ICP Programme, provided that the first issue of the Sukuk Murabahah shall not be later than two (2) years from the date of the Securities Commission Malaysia ("SC")'s authorisation and approval.</p> |

Each Sukuk Murabahah issuance

Each Sukuk Murabahah issuance shall have maturities of any tenure from one (1) to twelve (12) months as the Issuer may select, provided that each Sukuk Murabahah issuance mature on or prior to the expiry of the ICP Programme.

(h) Availability period of sukuk programme	The period commencing from the date of compliance of all conditions precedent of the ICP Programme unless waived by the Joint Lead Arrangers, and all other applicable conditions to the satisfaction of the Joint Lead Arrangers and ending on the expiry date of the ICP Programme, provided that the first issuance of the Sukuk Murabahah under the ICP Programme shall be made within two (2) years from the date of SC's authorisation and approval.
(i) Profit/coupon/rental rate	Not applicable as the Sukuk Murabahah shall be issued without Periodic Profit Payments.
(j) Profit/coupon/rental payment frequency	Not applicable as the Sukuk Murabahah shall be issued without Periodic Profit Payments.
(k) Profit/coupon/rental payment basis	Not applicable as the Sukuk Murabahah shall be issued without Periodic Profit Payments.
(l) Security/collateral, where applicable	None.
(m) Details on utilisation of proceeds by issuer	<p>The proceeds raised from the Sukuk Murabahah shall be utilised by the Issuer for working capital, financing disbursements to customers in the ordinary course of business of providing consumer financing based on Islamic principle, the financing of expenses relating to the proposed ICP Programme and the repayment of the existing and future banking facilities of the Issuer.</p> <p>For the avoidance of doubt, the utilisation of the proceeds of the Sukuk Murabahah as abovementioned shall at all times be Shariah-compliant.</p>
(n) Sinking fund and designated accounts, where applicable	Not applicable.
(o) Rating	Rating of P1 for the Sukuk Murabahah.
<ul style="list-style-type: none"> Credit rating(s) assigned and whether the rating is final or indicative. In the case of a sukuk programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 9.04 of these guidelines must be made 	
<ul style="list-style-type: none"> Name of credit rating agency 	RAM Rating Services Berhad (" Rating Agency ").

- (p) Mode of issue** The Sukuk Murabahah may be issued via competitive tender by the TPMs or private placement on a best effort basis.
- Issuance of the Sukuk Murabahah under the ICP Programme shall be in accordance with:
- (i) the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) effective on 10 October 2013; and
 - (ii) the Participation and Operation Rules for Payment and Securities Services issued by MyClear effective on 10 October 2013,
- as amended and substituted from time to time (“**MyClear Rules and Procedures**”).
- (q) Selling restriction, including tradability, i.e. whether tradable or non-tradable** The Sukuk Murabahah are tradable but shall not be offered, sold, transferred or otherwise disposed, directly or indirectly other than to persons falling within any of the categories of persons or in the circumstances specified under the following schedules of the CMSA:
- (i) at the point of issuance of the Sukuk Murabahah
Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time.
 - (ii) after the issuance of the Sukuk Murabahah
Schedule 6 (or Section 229(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time.
- (r) Listing status and types of listing, where applicable** The Sukuk Murabahah will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges.
- (s) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained** None.
- (t) Conditions precedent** Including but not limited to the following (all have to be in form and substance acceptable to the Joint Lead Arrangers):

Main Documentation

The Transaction Documents (as defined under clause (y)(iii) below) have been duly executed and, where applicable, stamped or endorsed as exempted from stamp duty (where applicable) and presented for registration.

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) Certified true copies of the board resolution of the Issuer authorising, among others, the establishment of the ICP Programme, the issuance of the Sukuk Murabahah and the execution of all the relevant 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 Joint Lead Arrangers) 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.

General

- (i) Receipt of the authorisation and approval from the SC in respect of the ICP Programme.
- (ii) Evidence of confirmation from the Shariah Adviser that the structure and mechanism of the ICP Programme together with the Transaction Documents are in compliance with Shariah principles.
- (iii) Evidence that the ICP Programme has been accorded a rating of P1 or its equivalent by the Rating Agency.
- (iv) Evidence that all relevant transaction fees, costs and expenses in relation to the ICP Programme have been paid in full.
- (v) The Joint Lead Arrangers have received from its Solicitors a favourable legal opinion addressed to them advising with respect to, among others, the

legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the Joint Lead Arrangers that all the conditions precedent have been fulfilled or otherwise waived by the Joint Lead Arrangers as the case may be.

- (vi) Any other conditions as may be advised by the Solicitors and to be mutually agreed by the Joint Lead Arrangers and the Issuer.

Each issuance of the Sukuk Murabahah shall be subject to a condition that no Event of Default has occurred or would occur if the issuance is made under the ICP Programme and such other conditions as may be advised by the Solicitors and mutually agreed by the Issuer and the Joint Lead Managers.

(u) Representations and warranties

and Including but not limited to the following:

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its property and assets;
- (ii) the Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained, and are in full force and effect and all duty and taxes (if any) have been paid which are required or desirable to:
 - (a) authorise the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms; and
 - (b) ensure the legality, validity, enforceability of the Issuer's liabilities and obligations or the rights of the Sukukholders under the Transaction Documents and/or the Sukuk Murabahah;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated:
 - (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its property and

assets is bound or which is applicable to the Issuer or any of its property and assets;

- (b) cause to be exceeded any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise; or
- (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's property and assets;
- (iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the Issuer's audited financial statements are prepared in accordance with approved accounting standards and they give a true and fair view of the Issuer's financial position and results of operations for the period to which the audited financial statements are made and are audited and certified by qualified auditors appointed by the Issuer, as the case may be;
- (vi) no tax liabilities of any kind are outstanding in payments and all computations and payments that should be or should have been made to the taxation authority or other relevant authorities have been made within the requisite periods and are up-to-date, correct and made on a proper basis with the taxation authority and other relevant authorities;
- (vii) save as disclosed in writing by the Issuer to the Joint Lead Arrangers prior to the date of the Trust Deed, no litigation or arbitration is current or, to its best of knowledge, threatened against the Issuer which if adversely determined would have a Material Adverse Effect (as defined under clause (v) below);
- (viii) the Issuer is unaware and has no reason to believe that an event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which would have a Material Adverse Effect;
- (ix) the Issuer is in compliance and will comply with any applicable laws and regulations; and

- (x) such other representations and warranties as may be advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers.
- (v) **Events of default, dissolution event and enforcement event, where applicable** Including but not limited to the following:
- (i) the Issuer fails to pay any amount due from it under any of the Transaction Documents on the due date or, if so payable, on demand and such default remains unremedied for a period of seven (7) business days after the due date of the same;
 - (ii) any representation or warranty made or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Sukuk Murabahah and/or any of the Transaction Documents is or proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which is capable of being remedied, the Issuer does not remedy the failure within a period of seven (7) business days after the Issuer became aware of having been notified in writing by the Sukuk Trustee of the failure, whichever is earlier;
 - (iii) the Issuer fails to observe or perform its obligations under any of the Transaction Documents or the Sukuk Murabahah or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in subparagraph (i) above, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of seven (7) business days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier;
 - (iv) there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which in the opinion of the Sukuk Trustee may have a Material Adverse Effect and, if in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of seven (7) business days after the Issuer became aware or having been notified in writing by the Sukuk Trustee of the breach, whichever is earlier;
 - (v) any indebtedness for borrowed moneys of the Issuer, other than the indebtedness pursuant to the ICP Programme, becomes due or payable or capable of being declared due or payable prior to its stated

maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call of the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call, or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, or any security created to secure such indebtedness, becomes enforceable;

- (vi) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer, or distress, legal process, sequestration or any form of is levied or enforced or sued out against the Issuer which may have a Material Adverse Effect on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this paragraph (vi), references to “substantial” shall mean, such value equivalent to or more than 5% of the Issuer’s net tangible assets reflected in its latest annual audited financial statements.

- (vii) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgment or application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- (viii) any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding up order has been made against the Issuer;
- (ix) the Issuer convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any

assignment is made for the benefit of its creditors (other than for the purposes of and followed by a reconstruction which has been approved in writing by the Sukuk Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act 1965 ("**Companies Act**") has been instituted against the Issuer;

- (x) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;
- (xi) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Sukuk Trustee may have a Material Adverse Effect;
- (xii) the Issuer changes or threaten to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts and such change, suspension or cessation in the opinion of the Sukuk Trustee may have a Material Adverse Effect;
- (xiii) the Issuer is for the purpose of Section 218 of the Companies Act unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts provided that if the failure to pay is due to a bona fide dispute and such dispute has been resolved or discharged within six (6) months from the commencement of the dispute, it will not result in an Event of Default;
- (xiv) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (xv) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xvi) any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

- (xvii) any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect, and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy it within a period of seven (7) business days after the Issuer became aware or having been notified by the Sukuk Trustee of the event or situation, whichever is earlier; and
- (xviii) any other events of default as may be advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers including but not limited to the requirements under the SC's Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) issued by the SC as may be replaced, substituted or revised from time to time (the "**Trust Deeds Guidelines**").

Upon the declaration of an Event of Default, no further issuance of Sukuk Murabahah may be made under the ICP Programme and the Sukuk Trustee may at its discretion or, upon the Sukukholders' instruction by way of special resolution, institute such proceedings as it thinks fit against the Issuer to enforce payment of the Redemption Amount (as defined below) and all other sum payable under the ICP Programme and to enforce its rights under the Transaction Documents.

"Redemption Amount" means the amount equivalent to the Deferred Sale Price at the Issue Date less Ibra' (if any).

"Material Adverse Effect" means any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.

(w) Covenants

(i) Positive covenants

Including but not limited to the following:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to it to own its assets, to carry on its businesses or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer, or the priority or rights of the Sukukholders,

the Sukuk Trustee and the Joint Lead Arrangers under the Transaction Documents and the Issuer shall comply with the same;

- (ii) the Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give effect to the terms and conditions in the Transaction Documents;
- (iii) the Issuer shall exercise reasonable diligence in carrying out its businesses and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Sukuk Murabahah on the relevant maturity date(s) or any other date on which the Sukuk Murabahah are due and payable) and the Issuer shall immediately notify the Facility Agent and/or Sukuk Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (v) the Issuer shall prepare its audited financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those audited financial statements shall give a true and fair view of the results of the financial position and operations of the Issuer for the period to which the audited financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall maintain a paying agent or its equivalent who is based in Malaysia at all times;
- (vii) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued or published by the SC and other regulatory agencies from time to time; and
- (viii) any other positive covenants as advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers including but not limited to the requirements under the SC's Trust Deeds Guidelines.

(ii) Negative covenants

Including but not limited to:

- (i) the Issuer shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner that is inconsistent with the provisions of the

Transaction Documents or that may be materially prejudicial to the interests of the Sukukholders;

- (ii) the Issuer shall not use the proceeds of the ICP Programme except for the purposes set out in the Transaction Documents;
- (iii) the Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract;
- (iv) the Issuer shall not reduce or in any way whatsoever alter (except by way of an increase or a result of the purchase by the Issuer of its own shares pursuant to Section 67A of the Companies Act), its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares;
- (v) the Issuer shall not make payments (whether in relation to principal, interest or otherwise) to its shareholders, subsidiaries or associated companies in connection with any loans or advances from its shareholders, subsidiaries or associated companies save and except that the Issuer may make payment of interest on such loans or advances if any amount due and payable under any outstanding Sukuk Murabahah or any other borrowings or financing arrangements of the Issuer have been paid in full and such payment of interest will not adversely affect the ability of the Issuer to service its obligations under any outstanding Sukuk Murabahah or any other borrowings or financing arrangements of the Issuer;
- (vi) the Issuer shall not obtain or permit to exist any loans or advances from its shareholders, subsidiaries or associated companies unless these loans and advances are subordinated to the ICP Programme;
- (vii) save and except in the ordinary course of business, the Issuer shall not lend any money to any party other than to the Issuer's directors, officers or employees as part of their terms of employment;

(viii) save and except for such transactions between the Issuer and interested persons which have been entered into and disclosed to the Sukuk Trustee prior to the date of the Trust Deed, the Issuer shall not enter into any agreement or transaction, directly or indirectly, with interested persons (including a director of the Issuer, a major shareholder of the Issuer and chief executive), unless:

- (i) such transaction is on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons;
- (ii) in respect of a transaction involving an aggregate payment or value which would trigger any applicable percentage ratio as provided in the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

provided that the Issuer shall certify to the Sukuk Trustee:

- (a) that the transaction complies with the requirement in clause 2(w)(ii)(viii)(i);
 - (b) that the Issuer has received the certification referred to in clause 2(w)(ii)(viii)(ii) (where applicable); and
 - (c) that the transaction has been approved by the majority of the Issuer's Board of Directors or shareholders in a general meeting, as the case may require;
- (iii) with respect to transactions constituting a recurrent related party transaction of a revenue or trading nature ("**RRPT**") which are provided for and permitted under the Listing Requirements, PROVIDED that the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph 2(w)(ii)(viii)(i), that the Issuer has obtained or renewed, where applicable, the shareholders' mandate in accordance with the Listing Requirements and that the Issuer furnishes at least one (1) certificate to the Sukuk Trustee in respect of the RRPT contemplated under one (1) shareholders' mandate; and
- (iv) such transaction will not have a Material Adverse Effect on the Issuer; and

- (ix) any other negative covenants as advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers including but not limited to the requirements under the SC's Trust Deeds Guidelines.

(iii) Information covenants

Including but not limited to the following:

- (i) the Issuer shall provide to the Sukuk Trustee on an annual basis, a certificate signed by any two (2) directors of the Issuer confirming that it has observed, complied with and performed all its covenants and obligations under the Transaction Documents and the terms and conditions of the Sukuk Murabahah and that there did not exist or had not existed, from the date the Sukuk Murabahah were first issued or the date of the previous certificate, as the case may be, any Event of Default, and if such is not the case, to specify the same;
- (ii) the Issuer shall deliver to the Sukuk Trustee the following:
 - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its annual financial statements for that year which shall contain the income statements and balance sheets and which are audited and certified without any qualification by external auditors appointed by the Issuer;
 - (b) as soon as they become available (and in any event within sixty (60) days after the end of each of its half year financial period in accordance with the reporting format as required by Bursa Securities) copies of its unaudited half yearly financial statements for that period (as announced to Bursa Securities which shall contain the consolidated income statements and balance sheets of the Issuer);
 - (c) promptly, to the extent permitted by applicable laws, regulations, rules and orders, such additional financial or other information as the Sukuk Trustee may from time to time reasonably request, and also, such information as the Sukuk Trustee may require in order for the Sukuk Trustee to discharge its duties and obligations as Sukuk Trustee under the Transaction Documents relating to the Issuer's affairs;

- (d) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors and a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally at the same time as these documents are dispatched to these shareholders or creditors.
 - (iii) the Issuer shall promptly notify the Sukuk Trustee of any change in its board of directors and/or substantial shareholders;
 - (iv) the Issuer shall promptly notify the Sukuk Trustee of any adverse change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being initiated against the Issuer before any court or tribunal or administrative agency which may have a Material Adverse Effect;
 - (v) the Issuer shall promptly give notice to the Sukuk Trustee of the occurrence of any Event of Default or any potential event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfillment of the relevant requirement as contemplated under the relevant Transaction Documents would constitute an Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Event of Default as the case may be; and
 - (vi) any other information covenants as advised by the Solicitors and to be mutually agreed between the Issuer and the Joint Lead Arrangers including but not limited to the requirements under the SC's Trust Deeds Guidelines.
- (x) **Provisions on buy-back and early redemption of sukuk**
- Redemption on maturity
Unless previously purchased and cancelled, the Sukuk Murabahah will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

Purchase and cancellation

The Issuer or its subsidiaries or its agent(s) may at any time purchase the Sukuk Murabahah at any price in the open market or by private treaty and such Sukuk Murabahah purchased shall be cancelled and cannot be resold.

For the avoidance of doubt, the Sukuk Murabahah held by any interested person shall not be counted for purposes of voting subject to the exceptions as set out in the SC's Trust

Deeds Guidelines.

Early redemption
Not applicable.

(y) Other principal terms and conditions for the proposal

(i) Form and denomination

Each tranche of the Sukuk Murabahah will be represented by a global certificate in bearer form to be deposited with BNM and is exchanged for definitive certificates only in certain limited circumstances.

The denomination of the Sukuk Murabahah shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

(ii) Status

The Sukuk Murabahah shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents.

(iii) Transaction Documents

The ICP Programme shall be evidenced, inter alia, by the following:

- (a) Programme Agreement;
- (b) Trust Deed;
- (c) Securities Lodgement Form pursuant to the Central Securities Depository and Paying Agency Rules issued by BNM;
- (d) Islamic documents in relation to the Commodity Murabahah transaction; and
- (e) Any other relevant documentation which may be advised by the Solicitors and mutually agreed by the Issuer and the Joint Lead Arrangers.

(iv) Compensation ("Ta'widh")

In the event of any delay in payments of the Deferred Sale Price under the ICP Programme to the Sukukholders, the Issuer shall pay to the Sukukholder(s) compensation on such delayed payments at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time.

Any compensation referred to above which is paid to the Sukukholders, can be treated and/or utilised by the Sukukholders at their absolute discretion in accordance with or determined by their respective Shariah requirements, which may include donation to any registered charitable organization or for any charitable purposes.

(v) Ibra'

The Sukukholder(s) in subscribing or purchasing the Sukuk Murabahah consent to grant an Ibra', if the Sukuk Murabahah are redeemed before the maturity date or upon the declaration of an Event of Default.

The Ibra' shall be the unearned profit due and calculated from the date of the declaration of an Event of Default up to the Sukuk Murabahah's respective maturity date(s).

"Ibra'" means an act of releasing absolutely or conditionally Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligation or liabilities towards the Sukukholders. The release may be either partially or in full.

(vi) Taxation

All payments by the Issuer shall be made without 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 other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, in the event the Issuer is required by law to withhold or deduct, the Issuer is required to pay such additional amount (i.e. additional amount which the payee would have otherwise received if no such withholding or deductions are made) to the payee.

(vii) Trustees' Reimbursement Account for Sukukholders' Actions

The Issuer shall set up a "Trustees' Reimbursement Account" with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the ICP Programme). The said account shall be solely operated by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of an Event of Default which are to be provided in the relevant Transaction Documents. Any balance in the Trustees' Reimbursement Account shall be returned to the Issuer upon expiry of the ICP Programme.

(viii) Voting by Sukukholders

Voting by the Sukukholders under the ICP Programme shall be carried out as follows:

Prior to upsizing of the ICP Programme:

All matters (save in relation to the upsizing of the ICP Programme) which require the Sukukholders' consent under the ICP Programme shall be carried out on a collective basis; and

Post upsizing of the ICP Programme:

All matters which require the Sukukholders' consent under the ICP Programme shall be carried out on a per series basis. Sukukholders holding a requisite amount under each series (to be determined under the Trust Deed) shall provide their consent for the relevant matters to be passed under the ICP Programme and the consent from Sukukholders of all outstanding series shall have been obtained for any such resolution to be carried.

“series” shall mean, in relation to any Sukuk Murabahah, such Sukuk Murabahah with the same issue date.

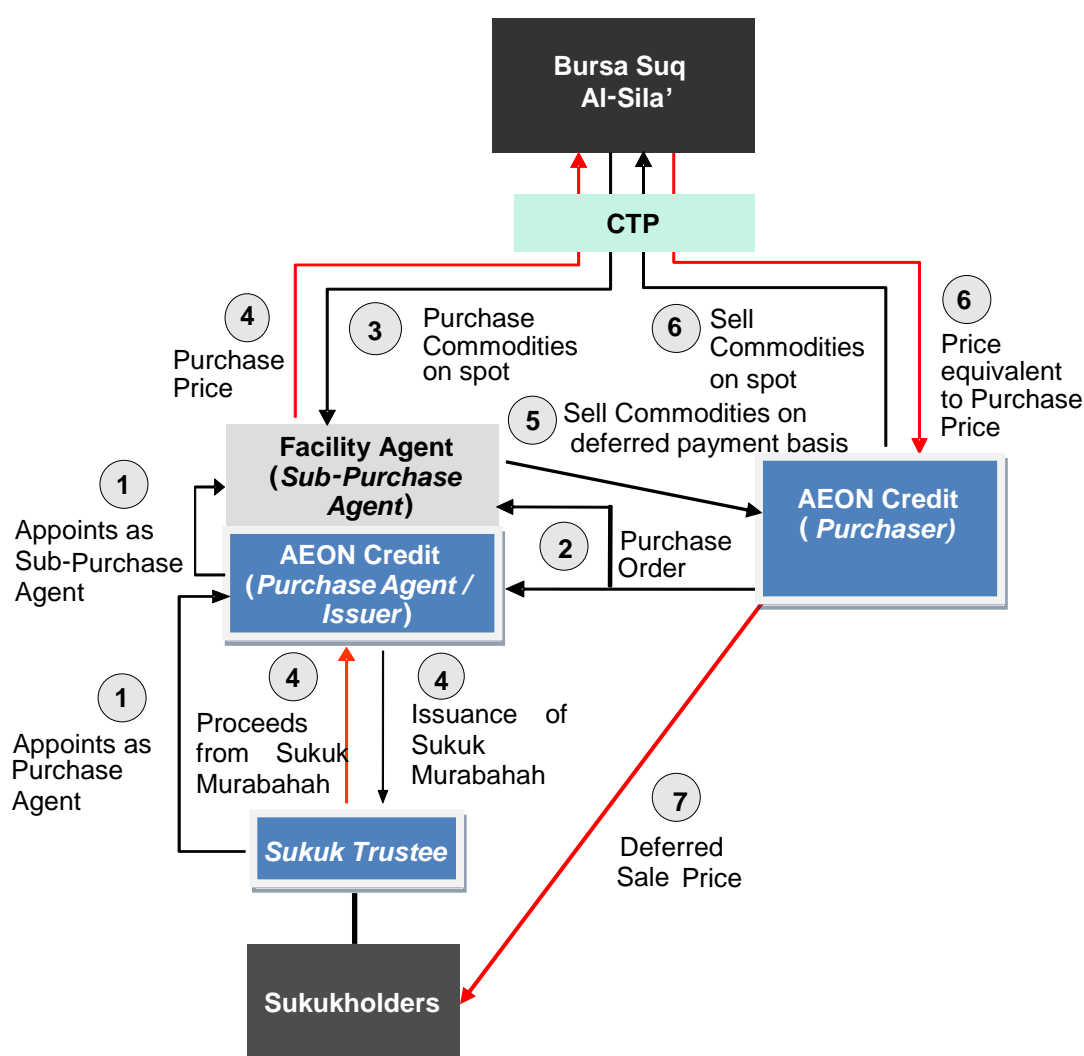
(ix) **Governing law and jurisdiction**

Laws of Malaysia. The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

(x) **Other conditions**

The Sukuk Murabahah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or MyClear having jurisdiction over matters pertaining to the Sukuk Murabahah.

Appendix 1



1. The Sukuk Trustee (on behalf of the investors of the Sukuk Murabahah (the “**Sukukholders**”)), shall appoint AEON Credit as agent/wakeel of the Sukukholders (in such capacity, the “**Purchase Agent**”) to purchase and sell certain Shariah-compliant commodities (the “**Commodities**”). The Purchase

Agent will then appoint the Facility Agent to act as the sub-agent to purchase and sell the Commodities (in such capacity, the **"Sub-Purchase Agent"**).

2. AEON Credit (as Purchaser for itself) shall from time to time, issue a purchase order (**"Purchase Order"**) to the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities. In the Purchase Order, AEON Credit (as Purchaser for itself) will request the Purchase Agent and the Sub-Purchase Agent to purchase the Commodities and will irrevocably and unconditionally undertake to purchase the Commodities from the Sukukholders via the Sub-Purchase Agent at a price (the **"Deferred Sale Price"**) equivalent to the nominal value of the Sukuk Murabahah, being the aggregate of (i) the Purchase Price (as defined in paragraph 3 below), and (ii) the profit of the relevant Sukuk Murabahah, payable on a deferred payment basis. The Deferred Sale Price shall be an amount equivalent to the nominal value of the Sukuk Murabahah.
3. Based on the Purchase Order, the Sub-Purchase Agent will purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers, which shall be identified prior to each Sukuk Murabahah issuance, through a Commodity Trading Participant (**"CTP"**) at a purchase price (**"Purchase Price"**) which shall be an amount equivalent to the Sukuk Murabahah proceeds.

The Purchase Price of the Commodities shall be in line with the asset pricing requirement stipulated under the Guidelines on Sukuk revised and effective on 28 August 2014 issued by the SC (**"Guidelines on Sukuk"**) as may be amended from time to time.

4. AEON Credit (as the Issuer) shall then issue Sukuk Murabahah to the Sukukholders whereby the proceeds thereof shall be used to pay the Purchase Price of the Commodities. The Sukuk Murabahah shall evidence, amongst others, the Sukukholders' ownership of the Commodities and once the Commodities are sold to AEON Credit (as the Purchaser for itself), the Sukukholders' entitlement to receive the Deferred Sale Price.
5. Thereafter, the Sub-Purchase Agent (on behalf of the Purchase Agent as wakeel to the Sukukholders) shall sell the Commodities to AEON Credit (as the Purchaser for itself) at the Deferred Sale Price.
6. Upon completion of such purchase, the Purchaser shall sell the Commodities to the Bursa Suq Al-Sila' commodity market and/or other independent commodity brokers, which shall be identified prior to each Sukuk Murabahah issuance, through a CTP for a cash consideration equal to the Purchase Price on a spot basis.
7. The Sukuk Murabahah will be issued without periodic profit payments and AEON Credit shall only make a one-off payment in one lump sum on the maturity date, which shall be equivalent to the Deferred Sale Price, to the Sukukholder(s).

On (i) the maturity date of the Sukuk Murabahah; or (ii) upon the declaration of an Event of Default (as defined in clause (v) above), whichever is earlier, all amounts then outstanding on the Deferred Sale Price shall be paid by AEON Credit (as the Issuer) to the Sukukholders as final settlement of the same, subject to Ibra' (as defined in clause (y)(v) above), where applicable, whereupon the relevant Sukuk Murabahah shall be cancelled.

SECTION 3.0 BACKGROUND INFORMATION ON THE ISSUER

3.1 Corporate history and principal activities

AEON Credit was incorporated in Malaysia under the Companies Act, 1965 on 6 December 1996 as a private limited company and was converted into a public limited company on 9 February 2007. AEON Credit was listed on the Main Market of Bursa Securities on 12 December 2007. AEON Credit was established as part of AFSJ's expansion into various Asian markets. In 1997, AEON Credit commenced its consumer-financing operations.

The principal activities of the Issuer consist of the provision of easy payment schemes, personal financing schemes, and issuance of credit cards under international brand names of *Visa* and *MasterCard*. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

As at 28 February 2015, AEON Credit has 5 Regional Offices, 55 branches and service centres located in major shopping centres and towns and a network of more than 9,000 participating merchant outlets nationwide. The Company currently has more than 3.0 million cardmembers for the various products and more than 3,000 staff in service with the Company.

AEON Credit is a subsidiary of AFSJ, which is listed on the First Section of the Tokyo Stock Exchange. AFSJ Group is mainly involved in the issuance of credit cards and operation of a retail bank, AEON Bank, Ltd., and has more than 24.34 million card members in Japan as at 28 February 2015. It is one of the biggest credit card issuers and a leading consumer credit provider in Japan.

AEON Credit's registered office address is at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor Darul Ehsan while its principal business address is at Level 29, Menara Olympia, No. 8 Jalan Raja Chulan 50200 Kuala Lumpur.

3.2 Share capital

The authorised and issued and paid-up share capital as at 30 June 2015 are as follows:

(a) Authorised share capital

Type of shares	No of shares	Par Value (RM)	Total (RM)
Ordinary	200,000,000	0.50	100,000,000.00

(b) Issued and paid-up share capital

Type of shares	No of shares	Par Value (RM)	Total (RM)
Ordinary	144,000,000	0.50	72,000,000.00

3.3 Shareholding structure

Based on the register of substantial shareholders of the Issuer as at 30 June 2015, the structure of shareholdings and names of the substantial shareholders of the Issuer are as follows:

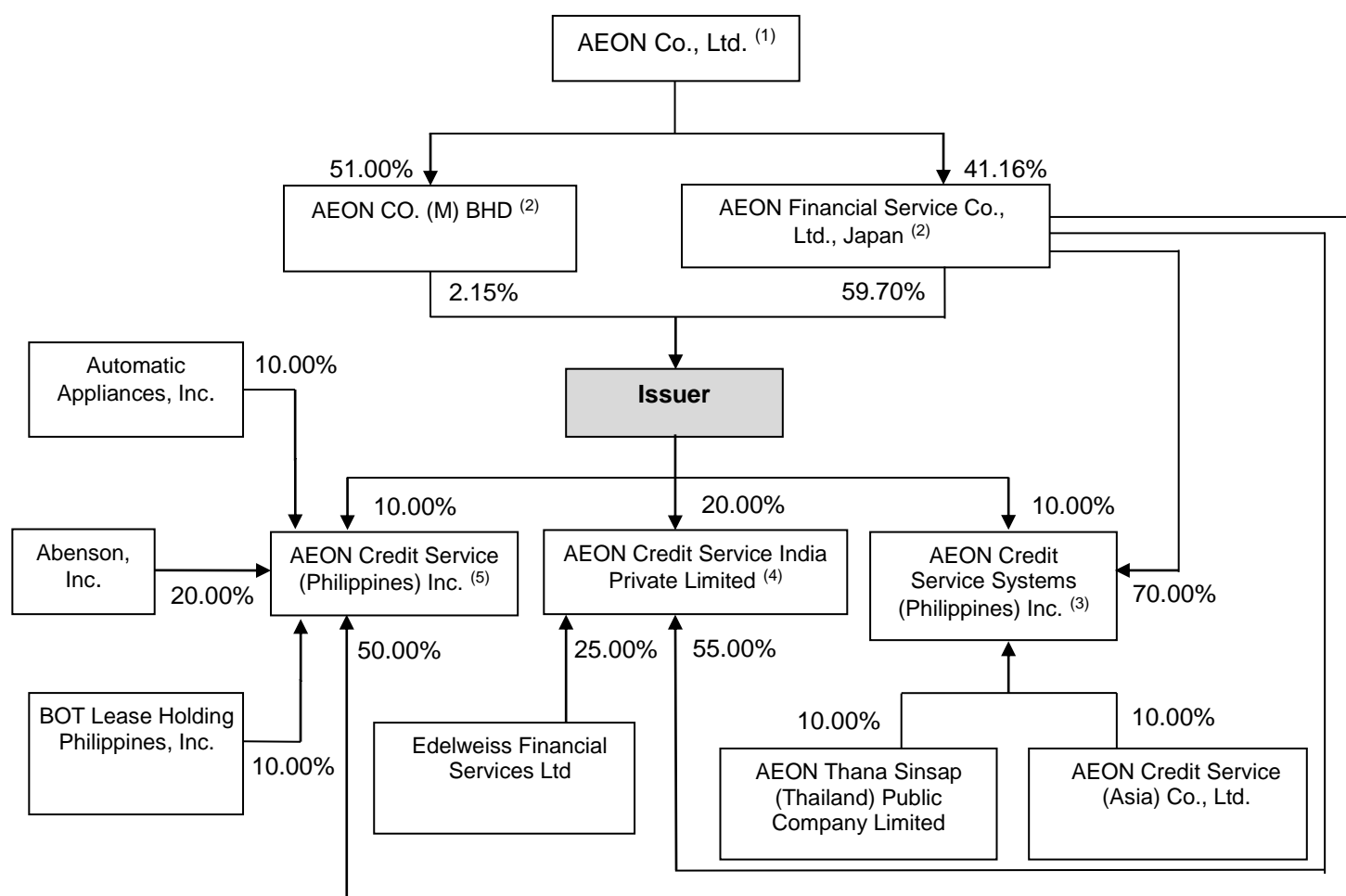
Name	No. of Ordinary Shares (Percentage Owned)	
	Direct	Indirect
AEON Financial Service Co., Ltd., Japan.	59.70	-
AEON Co., Ltd., Japan ⁽¹⁾	-	61.85

Notes:

^[1] Indirect interest by virtue of its interest in AFSJ and AEON CO. (M) BHD., pursuant to Section 6A of the Companies Act.

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As at 30 June 2015, the group structure of the Issuer is as follows:



Notes:

- (1) AEON Co., Ltd., a company incorporated in Japan, is the ultimate holding company of the Issuer and has a direct interest of 41.16% in AFSJ representing 85,817,396 ordinary shares of AFSJ.
- (2) AFSJ and AEON CO. (M) BHD. have direct interest of 59.70% and 2.15% in the Issuer representing 85,968,000 ordinary shares and 3,096,000 ordinary shares of the Issuer respectively.
- (3) AFSJ is the holding company of ACSS, a company incorporated in the Philippines, and has 70% direct equity interest in ACSS. The Issuer has 10% direct equity interest in ACSS. AEON Credit Service (Asia) Co., Ltd. and AEON Thana Sinsap (Thailand) Public Company Limited hold 10% direct equity interest in ACSS each.
- (4) AFSJ has a direct interest of 55% in AEON Credit Service India Private Limited and the Issuer has 20% direct equity interest in AEON Credit Service India Private Limited. Edelweiss Financial Services Ltd has 25% direct equity interest in AEON Credit Service India Private Limited.

- (5) AFSJ has a direct interest of 50% in AEON Credit Service (Philippines) Inc. and the Issuer has 10% direct equity interest in AEON Credit Service (Philippines) Inc. The other shareholders with direct equity interest in AEON Credit Service (Philippines) Inc. are Abenson, Inc. (20%), Automatic Appliances, Inc. (10%) and BOT Lease Holding Philippines, Inc. (10%).

The ultimate shareholders of the Issuer are the shareholders of AEON Co., Ltd. AEON Co., Ltd. is listed on the Tokyo Stock Exchange and the major shareholders of AEON Co., Ltd. as at 28 February 2015 are as follows:

Major shareholders	Number of shares held ('000)	Shareholding (%)
Mitsubishi Corporation	40,422	4.80
Mizuho Bank, Ltd	33,292	3.96
Japan Trustee Services Bank, Ltd. (Trust Account)	31,049	3.69
AEON Environmental Foundation	21,482	2.55
The Cultural Foundation of Okada	20,520	2.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,908	2.25
The Norinchukin Bank	18,133	2.16
Employees' stockholding association	14,987	1.78
AEON Mutual Benefit Society (Nomura Securities account)	11,908	1.42
The Bank Of New York Mellon SA/NV 10	9,777	1.16
Total	220,478	26.21

(Source: <https://www.aeon.info/en/investors/stock/stock.html>)

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3.4 Profiles of directors of the Issuer

As at 30 June 2015 the profiles of the Directors of the Issuer are as follows:

DATO' ABDULLAH BIN MOHD YUSOF **Chairman and Independent Non-Executive Director**

Dato' Abdullah Bin Mohd Yusof (NRIC No. 390505-01-5627), a Malaysian, aged 76, was appointed as the Chairman of the Issuer on 23 July 1997. He holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. He has more than forty-five (45) years of experience as an Advocate & Solicitor. He started his career with Skrine & Co as a Legal Assistant in 1968 before starting his own partnership under the name of Tunku Zuhri Manan & Abdullah, Advocates & Solicitors in 1969 and subsequently renamed the law firm to Abdullah & Zainudin, Advocates and Solicitors in 1989. He presently remains a partner in Abdullah & Zainudin, Advocates and Solicitors. He sits on the Board of Directors of AEON CO. (M) BHD., MMC Corporation Berhad and Zelan Berhad, all of which are companies listed on Bursa Securities. He also sits on the Board of Directors of THR Hotel (Selangor) Bhd. and several private limited companies. He is currently the Chairman of the Nomination Committee and also the Chairman of the Remuneration Committee.

Mr. KENJI FUJITA **Managing Director**

Mr. Kenji Fujita (Passport No. TZ0450300), a Japanese, aged 46, was appointed as an Executive Director of the Issuer on 19 June 2013 and as Managing Director of the Company on 23 June 2014. He obtained a Bachelor's Degree in Arts & Humanity from Yamaguchi University, Japan in 1992 and a Master of Business Administration (MBA) degree from International University of Japan in 2009. He began his career in AEON Co., Ltd., Japan in 1992 and was subsequently transferred to AEON CO. (M) BHD. in 1997. He served in the Business Development function, MD Office and Shopping Centre Development functions over the years before he was appointed as the General Manager of Shopping Centre Development in 2005. From 2007 until early 2012, he was managing the Human Resource, Administration, Finance and Executive Office functions in AEON Co., Ltd., Japan and AEON Stores (Hong Kong) Co., Ltd., Hong Kong. In March 2012, he was transferred to AFSJ (formerly known as AEON Credit Service Co., Ltd.) and was appointed as Executive Director of AEON Financial Service (Hong Kong) Co., Ltd., in June 2012, prior to his transfer to the Company in June 2013. He is also a Non-Executive Director of AEON Credit Service India Private Limited and does not hold any directorship in any other public or public listed company.

DATUK RAMLI BIN IBRAHIM **Independent Non-Executive Director**

Datuk Ramli Bin Ibrahim (NRIC No. 400811-10-5117), a Malaysian, aged 75, was appointed as a Non-Executive Director of the Issuer on 23 July 1997. He qualified as a Chartered Accountant from the Institute of Chartered Accountants of Australia in 1965. He is a member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. He has approximately thirty (30) years of experience in the field of audit and accountancy with KPMG in Australia,

United Kingdom and Malaysia. He was appointed to the position of Partner of KPMG Malaysia in 1971 and promoted to Senior Partner of KPMG Malaysia in 1989. He also served on the Board of Directors of KPMG International and KPMG Asia Pacific from 1990 to 1995. He served as the Executive Chairman of the Kuala Lumpur Options and Financial Futures Exchange Berhad from 1995 to 2000 and as a Non-Executive Director of a commercial bank in Malaysia from 1996 to 2014. Currently, he sits on the Board of Directors of Measat Global Berhad and several private limited companies. He also serves as a member of the Audit and Nomination Committees. He does not hold any directorship in any other public or public listed company.

DATO' MD KAMAL BIN ISMAUN
Independent Non-Executive Director

Dato' Md Kamal Bin Ismaun (NRIC No. 480524-10-5301), a Malaysian, aged 67, was appointed as a Non-Executive Director of the Issuer on 7 August 2007. He obtained a Bachelor's Degree in Arts from Universiti Malaya in 1975. He had served thirty-two (32) years in the Foreign Service in various capacities both abroad and in Wisma Putra (Ministry of Foreign Affairs) which included stints as Counsellor at the Embassy of Malaysia in Tokyo, Japan (1986-1990), Charge d'Affaires in Zagreb, Croatia and Bosnia Herzegovina (1994-1996), Ambassador to Cambodia (1996-1999), Under-Secretary at the Ministry of Foreign Affairs (Southeast Asia and Pacific, 1999-2001), Director-General of ASEAN in the Ministry of Foreign Affairs (2001-2003) and Ambassador to Germany (2003 – July 2007). He also serves as a member of the Audit, Nomination and Remuneration Committees. He does not hold any directorship in any other public or public listed company.

Mr. NG ENG KIAT
Independent Non-Executive Director

Mr. Ng Eng Kiat (NRIC No. 531016-10-5919), a Malaysian, aged 62, was appointed as a Non-Executive Director of the Issuer on 7 August 2007. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and a fellow member of the Chartered Tax Institute of Malaysian and CPA Australia. He has more than thirty-five (35) years of experience in the field of audit, accountancy and taxation. He had previously served as a member on a number of working groups of the Malaysian Accounting Standards Board, a co-opted member on a number of committees of the Malaysian Institute of Certified Public Accountants and an examiner for the final professional examination of the Malaysian Institute of Certified Public Accountants. Presently, he is the Managing Partner of the merged firm of Azman, Wong, Salleh & Co. and Folks DFK & Co. He also sits on the Board of Directors of several private limited companies. He is currently the Chairman of the Audit Committee and a member of the Remuneration Committee. He does not hold any directorship in any other public or public listed company.

Mr. NUNTAWAT CHOTVIJIT
Non-Independent Non-Executive Director

Mr. Nuntawat Chotvijit (Passport No. V992284), a Thai citizen, aged 45 was appointed as a Non-Executive Director of the Issuer on 25 June 2015. He holds a Bachelor Degree in Economics from Chiangmai University, Thailand and obtained a Master Degree in Business Administration from Griffith University, Australia in 1997. He began his career as a Marketing representative in the Bangchak Petroleum Public Company Limited in 1994. In 1999, he joined Siam A&C Co., Ltd. as a Marketing Supervisor and later in November 2000, he moved to Cetelem (Thailand) Co., Ltd. as Key Account Manager. In December 2003, he joined Thai Smart Card Co., Ltd. as Deputy General Manager and later in 2005, appointed as Head of Strategic Alliance in Payment Solution Co., Ltd., Thailand. In 2006, he joined AEON Thana Sinsap (Thailand) Public Company Limited, as Vice President of Credit Card Division and Marketing Department and was promoted to Senior Vice President of the Marketing Department in 2009. In 2011, he was transferred to the Marketing Development Department as Senior Vice President and was appointed as Director on the Board of AEON Thana Sinsap (Thailand) Public Company Limited in June 2014. He does not hold any directorship in any other public or public listed company.

Mr. KIYOAKI TAKANO
Executive Director

Mr. Kiyooki Takano (Passport No. TK3981628), a Japanese, aged 51, was appointed as an Executive Director of the Issuer on 25 June 2015. He obtained a Bachelor's Degree in Social Welfare from Tohoku Fukushi University, Japan in 1986. He started his career as an Officer in AEON Co., Ltd., Japan in 1986 in the Sales and Marketing Department and in March 2000, he was transferred to the Product Development Department. He was later promoted to be Assistant General Manager and General Manager in the Sales & Marketing Department in 2002 and 2007 respectively. In 2010, he was transferred to the Bank Agency Business as General Manager prior to his secondment to Digital Direct Co., Ltd, in 2011. Later, in 2013, he was seconded to AEON Link Co., Ltd, Japan as General Manager until he was appointed as Managing Director of AEON Link Co., Ltd, Japan in 2014, serving until March 2015. Currently, he is the General Manager of Sales and Marketing Division of the Company. He does not hold any directorship in any other public or public listed company.

Mr. KRISHNAPPAN A/L S.P.S. SINGARAM
Executive Director

Mr. Krishnappan A/L S.P.S. Singaram (NRIC No. 670312-07-5603), a Malaysian, aged 48, was appointed as an Executive Director of the Issuer on 7 June 2005. He obtained the Certified Public Accountant qualification from the Malaysian Institute of Certified Public Accountants (“MICPA”) in 1994 and is currently a member of both MICPA and the Malaysian Institute of Accountants (“MIA”). He began his career with KPMG Peat Marwick in 1987. He left to join Sime Darby Berhad as Finance Manager in 1993 before joining Tanjung Serbaneka Holding Sdn. Bhd. as their Group Finance Manager in 1996. Thereafter, he joined the Issuer in 2000 as Manager of Finance Department. In 2003, he was promoted to the position of Assistant General Manager of both Human Resource and Finance Departments. He

was re-designated as the Head of Finance, Legal and Administration Division in April 2010. In April 2013, he was made the Head of Corporate Services Division before assuming current role as Head of Corporate Governance and Credit Policy Division in April 2015. He does not hold any directorship in any other public or public listed company.

Mr. LEE KIT SEONG
Executive Director

Mr. Lee Kit Seong (NRIC No. 690827-10-5611), a Malaysian, aged 46, was appointed as an Executive Director of the Issuer on 20 June 2014. He obtained the Chartered Certified Accountant qualification from the Association of Chartered Certified Accountants (“**ACCA**”) in 1996 and is currently a member of ACCA and the Malaysian Institute of Accountants (“**MIA**”). He began his career with Kassim Chan & Co (now known as Deloitte Touche Tohmatsu) in 1996. He left to join Rashid Hussain Securities Sdn. Bhd. as an accountant in 1997 before joining Affin Securities Sdn. Bhd. (now known as Affin Hwang Investment Bank) as a Finance & Account Senior Manager in 2000. Thereafter, he left Affin Securities Sdn. Bhd. to join the Issuer in 2006 as Senior Manager of Finance Group. In 2009, he left the Issuer to join OSK Investment Bank Berhad as Senior Vice President, Finance Group and re-joined the Issuer in 2013 as Assistant General Manager, Finance & Admin Group. In April 2014, he was appointed as Chief Financial Officer and Head of Finance & Admin Division before assuming his current role as Head of Corporate Services Division in April 2015. He does not hold any directorship in any other public or public listed company.

Ms. LEE TYAN JEN
Executive Director

Ms. Lee Tyan Jen (NRIC No. 741027-01-6124), a Malaysian, aged 41, was appointed as an Executive Director of the Issuer on 1 July 2013. She obtained a Bachelor’s Degree in Business Administration from University of South Alabama, USA in 1996. She joined the Issuer in 1998 as an Officer in the Credit Assessment Department. Subsequently, she was promoted to various positions in the Credit Assessment function and was appointed as Assistant General Manager of the Issuer in 2006, heading the Credit Assessment Department. In 2008, she was promoted as General Manager and served as Head of the Credit Operations Division and Head of Credit Card Division before assuming her current position as Head of Business Operations Division in April 2014. She does not hold any directorship in any other public or public listed company.

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SECTION 4.0 OVERVIEW OF THE ISSUER'S BUSINESS

4.1 Overview

Core businesses

AEON Credit's core businesses are the provision of easy payment schemes for purchase of consumer durables and motor vehicles, personal financing schemes, equipment financing for SME and the issuance of credit cards.

The consumer durables financing scheme, also known as general easy payment, covers various product categories such as electrical and electronic equipment, personal computers, furniture etc. Meanwhile, the vehicle financing portfolio comprises motorcycle, car and commercial vehicle financing schemes.

The Company is also a corporate agent for sale of general and life insurance products, sold through database marketing efforts and through AEON Credit's branches nationwide.

Please refer to Sections 4.3.1, 4.3.2 and 4.3.3 below for a more detailed write-up on AEON Credit's core businesses.

Financial Information – Latest Three (3) Financial Years/Periods

The table below sets out a summary of the Issuer's financial information for the latest three (3) financial years/periods.

	Audited FYE		Audited FPE 2015 (RM'mil)
	2013 (RM'mil)	2014 (RM'mil)	
• <i>General Easy Payment</i>	119	133	153
• <i>Motorcycle Easy Payment</i>	157	224	299
• <i>Car Easy Payment</i>	16	54	118
• <i>SME Financing</i>	1	6	7
• <i>Personal Financing</i>	97	158	172
• <i>Credit Card</i>	77	98	123
Revenue	467	673	872
Other Operating Income	34	39	56
Total Operating Income	501	712	928
Total Operating Expenses	(258)	(381)	(502)
Profit from operations	243	331	426
Finance costs	(62)	(97)	(137)
Profit Before Taxation ("PBT")	181	234	289
Income Tax Expenses	(47)	(59)	(73)

	Audited FYE		Audited FPE 2015 (RM'mil)
	2013 (RM'mil)	2014 (RM'mil)	
Profit After Taxation ("PAT")	134	175	216
• <i>General Easy Payment</i>	432	527	579
• <i>Motorcycle Easy Payment</i>	766	1,211	1,512
• <i>Car Easy Payment</i>	200	562	1,092
• <i>SME Financing</i>	29	51	54
• <i>Personal Financing</i>	543	789	874
• <i>Credit Card</i>	436	522	541
Gross Financing Receivables	2,406	3,662	4,652
Total Borrowings	1,862	2,954	3,822

Financial Performance

Revenue registered an upward trend from FYE 2013 to FPE 2015. There was an increase of 44.1% from RM467 million in FYE 2013 to RM673 million in FYE 2014 and further increase by 29.6% to RM872 million in FPE 2015. Motorcycle easy payment and used cars easy payment are the key operating income contributors. Similar to the previous year, stronger growth was realised in vehicle financing, while lower rate of growth was recorded for other products.

Profit performance has been consistently strong, based on healthy net interest margin, manageable impairment loss provisioning on the receivables portfolio and stable operating cost ratio, on the back of receivables growth in a period of continued conducive business environment. PBT increased by 29.3% from RM181 million for FYE 2013 to RM234 million in FYE 2014 and further increased by 23.7% to RM289 million for FPE 2015.

Total gross financing receivables had grown by 52.2% from RM2.406 billion in FYE 2013 to RM3.662 billion in FYE 2014 and further increased by 27.0% to RM4.652 billion in FPE 2015, mainly boosted by aggressive growth in the motorcycle easy payment and car easy payment segments. AEON Credit has been able to maintain a relatively healthy asset quality for its financing receivables, as reflected by a NPL ratio of 2.8% as at 28 February 2015 based on three (3) months' in arrears classification for all products.

Total borrowings increased by 58.6% from RM1.862 billion in FYE 2013 to RM2.954 billion in FYE 2014 and further by 29.4% to RM3.822 billion in FPE 2015. Borrowings comprised revolving credits, term loans, medium term notes and bank overdrafts, which are mostly provided on clean basis. As a non-banking financial services provider, the Company relies substantially on the said borrowings to meet its funding needs for operations and asset growth.

4.2 Credit policies and credit management

Sound credit policies and effective credit management system are key success factors for financial service providers including AEON Credit.

AEON Credit's credit evaluation and acceptance policies and procedures are similar to those adopted by other established financial institutions. All credit facilities are granted based on the credit standing of the applicant, source of repayment, debt servicing ability and collateral pledged, if any. Personal guarantees or joint applicants may be required in specific circumstances based on the Company's credit policy. Currently, vehicles purchased under vehicle financing schemes of the Company are pledged as security for the credit facility granted.

During AEON Credit's evaluation of credit applications, thorough checks are made with credit reference organisations such as the CCRIS database (maintained by BNM) and CTOS Data Systems Sdn Bhd ("**CTOS**"). The CCRIS database enables AEON Credit to verify total credit exposure and the conduct of the applicants' accounts vis-à-vis all their credit facilities with financial institutions. Meanwhile, CTOS provides specific information on credit facility defaulters with other financial service providers. Further checks are carried out to verify the applicant's identity, income and employment through document verification, confirmation with the applicant's employer and referees and other processes.

After the relevant enquiries and verification have been made, AEON Credit's credit processing officers will then evaluate the applicants based on the Company's credit guidelines, to gauge their eligibility for the various financing schemes. AEON Credit has implemented a credit scoring system developed by Fair Isaacs Corporation since 2011 to facilitate the credit decision making process. Prudent debt service ratios, generally not exceeding 60% for the majority of AEON Credit's customers, are applied to determine the credit limit to be granted for approved cases.

AEON Credit places strong emphasis on close monitoring and efficient collection of accounts as well as follow-up mechanisms to minimise delinquency, supported by a receivables' database management system. Typically, action on defaulters will progress in stages, starting with a reminder Short Message Service message/letter, escalating to follow-up calls and field visits if the customer still does not make payment. Subsequently, letters of demand may be issued by the Company's solicitors and selected accounts may be assigned to external debt collection agencies for recovery efforts. Repossession efforts on vehicles financed will be made for accounts overdue by at least two (2) months where the customer is unable to continue payments. Sale of the repossessed vehicle will serve to reduce or settle the outstanding balance due from the customer. Legal proceedings may also be initiated against a defaulting customer, subject to certain criteria being met.

AEON Credit takes steps to ensure that the financing receivables, including accounts that are past due or impaired, are stated at their realisable values. AEON Credit's credit portfolios are monitored through monthly analysis and reporting at the Risk Management meeting and/or ad hoc reporting to ensure credit deterioration is promptly detected, emerging credit issues are identified and mitigation/remediation strategies are identified and implemented.

4.3 Financing products offered by AEON Credit

4.3.1 Product financing - Easy payment schemes

AEON Credit offers easy payment schemes for purchase of consumer durables (also known as general easy payment), motorcycles and used cars, launched in 1997, 2002 and 2011 respectively. The Company has also catered for the financing needs of SME since 2012, especially for the purchase of commercial vehicles and equipment.

The Company leverages on a network of more than 9,000 independent participating merchant outlets nationwide to offer the Company's product financing schemes to their customers. Used car financing schemes and financing for mid-range and high-end motorcycles (as well as personal financing schemes) were key drivers for the sharp growth in transactions and receivables in the last two years. The Company capitalised on market opportunities in these product segments based on competitive pricing, flexible credit policies, fast turnaround, continued expansion of network of participating dealers for vehicle financing and other marketing activities.

As at 31 March 2015, AEON Credit has more than 556,000 customers for its product financing schemes. The financing tenure for the general easy payment and motorcycle easy payment schemes is typically between two and four years. However, the financing tenure for cars and higher cubic capacity motorcycles is typically between five and eight years. Currently the Company is a leading market player in financing for the purchase of motorcycles and consumer durables.

4.3.2 Personal financing schemes

AEON Credit launched its personal financing scheme in 2003, targeting the micro financing segment of the Malaysian consumer financing industry. However, the Company has been gradually increasing its customer base in the middle income segment.

Database marketing and new customer acquisition through an expanding branch network remain as the main pillars of AEON Credit's personal financing growth strategy. Currently the Company has a total of 55 branches and service centres nationwide.

As at 31 March 2015, AEON Credit has more than 210,000 customers for the personal financing scheme in its customer database, following a sharp growth in the portfolio in the last two years. The typical financing tenure is between two and five years.

In order to provide customer convenience and facilitate collection for various financing products offered to its customers, AEON Credit has obtained an employee salary deduction permit (subject to certain conditions) from the Ministry of Human Resource whereby employers in the Peninsular of Malaysia and the Federal Territory of Labuan are allowed to make deductions from the salaries of their employees for purposes of loans obtained by its employees from AEON Credit in respect of the personal financing scheme, the motorcycle easy payment scheme and the general easy payment scheme.

4.3.3 Credit cards

AEON Credit was the first non-bank organisation in Malaysia to issue credit cards with its own line of credit to customers in 2005 after obtaining BNM's approval.

The number of the Company's principal credit cards in circulation as at 31 March 2015 was approximately 178,000. The Company has entered into a collaboration arrangement with AEON CO. (M) BERHAD, which operates the AEON shopping malls nationwide, to issue co-branded credit cards and provide exclusive benefits to mutual customers, to realise growth for the credit card portfolio in a highly competitive market environment. Further to revised regulations for credit card eligibility introduced in 2011, the credit card industry is experiencing slower growth in customer base due to limited size of the untapped eligible market.

Meanwhile, the acquisition of Carrefour Malaysia operations by the AEON Group in 2012, now operating as AEON Big outlets, has provided opportunities to create greater synergy among AEON Group business entities operating in Malaysia and the offering of the Company's products to a new customer base. The Company has commenced credit card recruitment activities at AEON Big stores nationwide since December 2012.

4.4 Business strategy and future plans

The business environment in 2015 may be more challenging than 2014, with expectation of weaker economic growth and consumer pessimism. Nevertheless the Company targets to maintain its performance in the fiscal year ending February 2016, through business strategies to capitalise on available market opportunities. The key focus areas for the year include enhancing brand awareness, enhanced utilisation of customers' database for cross selling, development of new application channels with faster approval for customers, expansion of AEON Credit branch network and number of active merchants and expansion of SME financing business.

The Company's long-term strategy is to continue to serve a wide spectrum of customers in terms of income group, including consumers from the lower socio economic group who may be underserved by the main stream banking players, and to offer competitive and flexible product pricing to cater for different product segments to customers having different risk profiles.

AEON Credit is fully cognisant that product value proposition and understanding of customer needs, excellent customer service and strong branding awareness and reputation in the market are key elements for long-term business sustainability in the market.

4.5 Regulatory requirement – Capital Ratio

AEON Credit obtained BNM's approval in 2005 for the issuance of credit cards under *Visa* and *MasterCard* brand names and charge cards with the line of credit being provided directly by AEON Credit to its cardholders, pursuant to Section 25(1) of the PSA, subject to certain conditions, in particular to maintain at all times, a minimum capital adequacy ratio of 16% against its risk assets. The capital adequacy ratio of AEON Credit was at 21.76% as at 30 June 2015.

The Company has established the Perpetual Sukuk Programme and Perpetual Notes Programme (collectively, the “**Programmes**”) in 2013. RM276.0 million has been issued from the Programmes as at 30 June 2015. The facilities will serve to meet both funding requirement and capital ratio requirement/compliance of the Company, as the Perpetual Sukuk and Perpetual Notes qualify as equity under applicable accounting standards.

4.6 Others

Information technology

AEON Credit has off-site back-up storage for all customer information at its data centre. Customer information database back-up to the data centre is conducted daily on real-time basis. AEON Credit had also obtained the ISO 27001:2005 Information Security Management System certification by BSI Management System (Asean) Pte Ltd. in 2006 covering the management, handling and utilisation of customer personal information for the various products offered by AEON Credit.

As required by the ISO standard, comprehensive risk assessment, formulation of policies and procedures in accordance with the international practices, and an extensive awareness programme for the staff were carried out. AEON Credit has implemented security controls to recognise and address security risks by establishing controlled procedures, policies, and best practices for information, personnel, network, and physical security. In addition, AEON Credit has taken up adequate insurance coverage on its IT infrastructure, other electronic equipment and other assets at its head office, data centre and all other business locations.

Risk Management

The Company has established a system of internal control that enables business to be transacted and risk to be taken without exposing itself to unacceptable potential losses or reputational damage through the Enterprise-wide Risk Management Framework (“**ERMF**”). The ERMF is the overarching framework that sets out the Company’s approach to internal governance and establishes the mechanisms and processes by which the Board directs the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.

The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the Company’s strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the company’s system of risk management and internal control are set out in the risk management control frameworks relating to each of the company’s key risks and in the organisation operational risk framework. The ERMF is reviewed by the Risk Management Committee (“**RMC**”) and the Board annually.

The Board has delegated the responsibility of ensuring the effectiveness of risk management to the RMC at senior management level. The RMC also deliberates on the implementation of the ERMF which addresses credit, liquidity, market and operational risk within the policies established by the Board and recommend policy changes to the Board. Quarterly reporting is made to the Board by the RMC on risk exposures, impact and mitigation measures, covering all areas of risk faced by the Company. Further details on the risk areas for the Company are set out in Section 5.0 of this Information Memorandum.

Management and staff of AEON Credit

AEON Credit's key management team oversees all the day-to-day operations of AEON Credit. The Company has been under the stewardship of Managing Director, Kenji Fujita, since June 2014. He has been part of the management team of the Issuer since June 2013.

As at 28 February 2015, AEON Credit has a total of more than 3,000 employees nationwide. AEON Credit recognises that it is imperative for focus on human resource development efforts moving forward to retain the required resources to achieve business objectives and future growth, in a competitive and challenging employment market, especially in the financial services sector. In this regard, AEON Credit will make greater emphasis on internal talent development, identifying career growth path for staff and succession planning.

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SECTION 5.0 INVESTMENT CONSIDERATIONS

The following is a summary of risk factors associated with an investment in the Sukuk Murabahah. This Section does not purport to be comprehensive or exhaustive and is not intended to substitute or replace an independent assessment of the risk factors that may be associated with an investment in the Sukuk Murabahah. Each investor should carefully conduct his or her independent evaluation of such risks. Investors should also note that each issuance of the Sukuk Murabahah under the ICP Programme will carry different risks and all potential investors are strongly encouraged to evaluate each issuance of the Sukuk Murabahah under the ICP Programme based on its own merit.

5.1 Risks relating to the Issuer's Business

5.1.1 Credit risk

AEON Credit is exposed to credit risk which may have a material effect on its financial results arising from customers' default in making payments due to AEON Credit on credit facilities granted.

AEON Credit exposure to credit risk arises principally from its financing receivables and investment securities.

(i) Receivables

While collateral is collected for its business of financing vehicles, AEON Credit does not require collateral in respect of the other easy payment schemes, personal financing schemes and credit cards issuance business.

All credit facilities are granted on the credit standing of the borrowers, source of repayment, debt servicing ability and the collateral pledged. Personal guarantees are obtained depending on the borrower's credit worthiness.

(ii) Investments

AEON Credit has only invested in securities of its foreign affiliated companies after evaluation by the Board.

The amount of allowance for impairment losses on credit facilities granted is determined based on the assessment of factors affecting the quality of AEON Credit's credit facilities granted. These factors include the borrower's financial condition, the repayment capability and repayment willingness, the current realisable value of any collateral, the introduction of new accounting principles or financial reporting standards and the legal and regulatory environment. Most of these factors are beyond the control of AEON Credit. In the event that the amount of allowance for impairment loss made based on the Company's policies and assessment is insufficient to cover the actual credit loss incurred later on specific accounts, such excess amount will require additional provision in the future which could lead to a decrease in profit of AEON Credit.

Further details on the Company's credit policies and credit management process to manage and mitigate credit risk are set out in Section 4.2 of this Information Memorandum.

Although AEON Credit has and will continue to implement credit risk management processes and systems to minimise the risk of credit default, there can be no assurance that credit default will be minimised and will not in the future materially and adversely affect its business, operations, results and/or financial condition.

5.1.2 Fraud risks

In AEON Credit's day-to-day operations in assessing credit applications from consumers, there can be no 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 AEON Credit 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 AEON Credit's 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 AEON Credit.

In addition, as the 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, this has thereby created tools for fraudsters making use of credit card numbers and information obtained illegally; and such acts may cause credit losses to AEON Credit.

AEON Credit has also implemented a chip-based infrastructure for its credit cards in line with BNM's adoption of the Europay-MasterCard-Visa chip standard. The adoption of these standards has almost eliminated the risk of "cloning" or illegal duplication of credit cards issued to customers. Visa International & MasterCard Worldwide basis points statistics have shown that Europay-MasterCard-Visa chip standard implementation in Malaysia has tremendously reduced the fraud losses incurred in Malaysia.

Other fraud types such as lost or stolen cards, mail or telephone orders, and internet transactions have been substantially prevented through implementation of "3D secure" technology and systems by AEON Credit and implementation of online monitoring system, which is a rule-based fraud control system to identify suspicious and/or irregular transactions emerging from a card member's card account. However, such fraud cannot be totally prevented by the systems in place.

While AEON Credit has continued to strengthen the detection and prevention of fraud or other misconduct committed by the employees or third parties, there is no assurance that its internal control policies, procedures and systems can completely and effectively prevent all fraud or other misconduct committed by its employees or third parties, which in turn may adversely affect the business, results, operations and financial condition of AEON Credit.

5.1.3 Risk from Information Technology

AEON Credit, being in the financial services sector, is highly dependent on IT to operate its business in terms of maintenance of customer transaction and other data (including storing the voluminous confidential information of AEON Credit's customers), processing of applications, payments, inquiries etc. across AEON

Credit including its branches, all of which are networked to the mainframe servers in Kuala Lumpur head office/data centre. Most of AEON Credit employees involved in operations utilise the computer daily for information processing, retrieval, inquiry and other purposes.

AEON Credit's operations utilise proprietary credit processing and management software and other major software modules which include the customer relations management, financial accounting and human resource systems.

Among the risks arising from storing confidential information of its customers in such database are as follows:

- (i) unauthorised access to database by staff;
- (ii) loss of information resulting from deletions, and software and system failures; and
- (iii) external security breach which includes hackers.

While AEON Credit has in place what it believes to be comprehensive IT/information security and management policies and procedures, including back up procedures for business data, there is no assurance that any loss of information or unauthorised access to its database will not have a material adverse effect on AEON Credit's operations and financial results.

5.1.4 Exposure to lawsuits

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

While AEON Credit has in place controls in operating policies and procedures, there can be no assurance that the customers will not take legal actions against the Issuer or that any lawsuits would not have an adverse effect on the operations and financial performance of AEON Credit.

5.1.5 Competition

The Malaysian financial services industry operates in a very competitive environment fostered by BNM's policies.

Although these policies are designed, in part, to encourage the development of financial institutions in Malaysia and to strengthen domestic financial institutions in preparation for increased foreign competition, any increased competition could have an adverse effect on AEON Credit's operations in the form of reduced margins, smaller market share and reduced income generally. The issuance of new commercial banking licences to foreign financial institutions has resulted in intensified competition as domestic institutions increase their efficiency to ensure sustainability over the medium to long term. This has created a more challenging business environment due to aggressive pricing, price offerings and product

promotions (resulting in shrinking margins) and increasing customer demand for more sophisticated products and improved service standards.

Although there are few major players in the micro financing segment, AEON Credit faces competition from, amongst others, the following:

- (i) Licensed and unlicensed moneylenders;
- (ii) Co-operatives offering personal loans and other financing to their members including Bank Kerjasama Rakyat Malaysia Berhad;
- (iii) Licensed banks under BAFIA or FSA (as the case may be) offering personal loans, credit cards and other financing schemes;
- (iv) Other credit companies;
- (v) Merchants offering own financing scheme to customers; and
- (vi) Pawnshops which carry on the business of pawnbroking.

The Competition Act 2010 (“**Competition Act**”), which took effect on 1 January 2012, was introduced to promote economic development by promoting and protecting the process of competition in order to maximise consumer welfare through the prohibition of anticompetitive practices. The Competition Act applies to all commercial activities undertaken within Malaysia and those outside Malaysia which have effects on competition in the Malaysian market. The scope of the Competition Act includes prohibitions of anticompetitive agreements and the abuse of dominant position.

AEON Credit is aware of threats from competitors and on-going developments within the financial services industry. AEON Credit has undertaken what it believes to be reasonable measures to strengthen its core business, capital base and widen its competitive positioning. Although AEON Credit plans for expansion and growth in future, it will inevitably be subject to competition from other service providers as well as customer preference. As such, there can be no assurance that AEON Credit will be able to maintain or increase its present market share in the future.

5.1.6 Reliance on good relationships with customers and merchants

Good relationship with customers underpins the sustainability and success of AEON Credit as satisfied customers tend to make recurring transactions with the Company. Further, AEON Credit relies on good relationship with merchants who promote financial products of the Company to their customers for product financing schemes.

There can be no assurance that AEON Credit is able to build and maintain good relationships with its customers and merchants in the future. Any deterioration in the relationship with the customers and merchants may have an adverse effect on AEON Credit’s business, operations and financial position.

5.1.7 Insurance coverage

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

AEON Credit has also purchased insurance policies to cover potential losses arising from, amongst others, incidents of fire and theft. Despite that, there is no assurance that the insurance cover is sufficient to offset the potential financial losses which may be suffered by AEON Credit arising from such events.

5.1.8 Economic, market and political factors that are beyond the Company's control

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

- (i) general economic conditions;
- (ii) consumer spending patterns;
- (iii) currency fluctuations;
- (iv) international events and circumstances such as wars, terrorist attacks and political instability;
- (v) changes in economic and fiscal policies adopted by the government or its agencies in Malaysia as well as governments abroad; and
- (vi) changes in legal regimes and governmental regulations, such as licensing and approvals, taxation, duties and tariffs, in Malaysia and abroad.

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

5.1.9 Licenses, registration and other regulatory requirements

AEON Credit has obtained:

- (i) BNM's consent and acknowledgement under the BAFIA for its factoring business, which has been adopted by AEON Credit as the structure for its easy payment financing scheme for consumer durables;
- (ii) an employee salary deduction permit from the Ministry of Human Resource pursuant to the Employment Act, 1955, which would enable AEON Credit to collect amounts due from its customers for its financing schemes through salary deductions by participating employers in West Malaysia and Labuan;
- (iii) approval of BNM to issue credit cards under *Visa* and *MasterCard* brand names under the PSA; and
- (iv) approval of Visa International Service Association and MasterCard Incorporated, to issue credit cards under the *Visa* and *MasterCard* brand names in Malaysia. AEON Credit has entered into credit card licensing agreements with the said organisations which are both owners of the respective brands and leading global payment solutions companies with networks encompassing many financial institutions issuing the *Visa* and *MasterCard* credit cards and offering related services.

Both the BAFIA and the PSA have been repealed by Section 271 of the FSA. Section 272 of the FSA provides, amongst others, that any rule, regulation, order, notification or other subsidiary legislation made and any approval, authority, consent, decision, direction, exemption, notice, order, permission, recommendation, requirement, specification or other executive act granted or done under the repealed Acts (in AEON Credit's case, the BAFIA and PSA) and in force or having effect before the appointed date, shall be deemed to have been made, granted or done under a corresponding provision in the FSA. In this regard, AEON Credit continues to be regulated by BNM under the FSA.

There are currently no requirements for registration and/or approval from any regulatory authorities in respect of AEON Credit's personal financing scheme and other easy payment schemes under the Islamic financing concept (excluding the scheme for financing of consumer durables). However, these schemes have been certified to be Shariah compliant by AEON Credit's appointed Shariah advisor. With regard to the Company's personal financing scheme, although no regulatory approval is required, the Company is required to comply with certain requirements of BNM under an Order for Financial Stability issued by BNM to the Company in July 2013 pursuant to the Central Bank of Malaysia Act 2009. The key requirements under the said Order are that AEON Credit shall not offer any personal financing product for tenure exceeding 10 years and shall observe a prudent debt service ratio ("**DSR**") in the granting of financing, with a maximum DSR of 60% for borrowers that are more likely to be vulnerable to financial strains.

At present, save as disclosed above and save for general laws, AEON Credit's business is not subject to any other specific regulations or licensing. However, there can be no assurance that future legislative or regulatory policy changes will not affect AEON Credit's business.

In the event of a new regulation or change of regulation which requires AEON Credit to obtain a licence and/or obtain a certification from the relevant authorities, the costs associated with obtaining the licence and/or certification from the relevant authorities and the failure to comply with the conditions imposed by the relevant authorities may have a material effect on AEON Credit's business and financial results. In addition, BNM is given extensive powers to regulate the Malaysian financial services industry. This includes the authority to establish limits on financing to certain sectors of the Malaysian economy, establish priority financing guidelines in the furtherance of certain social and economic objectives, and establish measures requiring maintenance of reserves and minimum capital adequacy requirement. BNM also has broad investigative and enforcement powers. Accordingly, potential investors should be aware that BNM could, in the future, significantly restrict business activities or restrict credit in a way which may be adverse to the operations or financial condition of financial service providers in Malaysia, including entities such as AEON Credit.

5.1.10 Dependence on Financial Institutions and Debt Capital Markets for Working Capital

AEON Credit has extended credit to customers to a large extent by lending borrowed funds. As at 30 June 2015, total gross financing receivables of the Company stood at RM4.91 billion and the Company's working capital raised from bank borrowings and debt capital markets amounted to RM3.77 billion.

The Company is aware of the risk of depending on few sources for funding requirement and has diversified sources of funds by borrowing from more than ten (10) financial institutions. In addition, the Company has utilised borrowings amounting to RM200 million from debt capital markets instruments as at 30 June 2015. The total available limit from all funding sources as at 30 June 2015 was RM1.5 billion.

Despite management efforts to ensure availability of credit facilities for asset growth of the Company, there is no assurance that AEON Credit will always be able to source for funds from financial institutions and the debt capital markets in the future.

5.1.11 Interest/profit rate fluctuation

In view of the nature of AEON Credit's business, AEON Credit is susceptible to the risk arising from interest/profit rate fluctuations on borrowings utilised for working capital. The interest/profit rates at which AEON Credit obtains financing vary and depend on factors such as, amongst others, the BNM monetary policy, market situation and the differing rates charged by various financial institutions.

AEON Credit's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest/profit rates, and the variable rate borrowings (if any) are exposed to a risk of change in cash flows due to changes in interest/profit rates.

The Company monitors the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities.

AEON Credit mitigates its exposure to interest/profit rate fluctuation risk by:

- (i) management efforts to source financing from various financial institutions which offer competitive interest/profit rates;
- (ii) maintaining a prudent level of long-term borrowings obtained at competitive rates to lock in interest/profit rates;
- (iii) using cross currency interest rate swap contracts to hedge its interest rate risk on foreign currency bank borrowings; and
- (iv) maintaining diversified funding sources i.e. from banking facilities and funding from debt capital markets including the ICP Programme.

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

5.1.12 Foreign exchange risks

AEON Credit does not have a significant exposure to foreign exchange risk as AEON Credit's transactions and balances are substantially denominated in RM, other than certain borrowings denominated in USD and Yen. Changes in the foreign exchange rate between the RM and USD/Yen may have an effect on AEON Credit's financial results.

In order to mitigate AEON Credit's exposure to foreign exchange risks arising from the borrowings denominated in USD and Yen, AEON Credit has fully hedged its exposure to foreign exchange fluctuations by entering into forward foreign exchange contracts or cross currency swap contracts upon the initial drawdown of its foreign currency borrowings.

Despite taking steps to mitigate the risk, there can be no assurance that fluctuations in the foreign exchange rate between RM and USD/Yen will not have a material adverse effect on the financial results and operations of AEON Credit.

5.1.13 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Company's liquidity risk management practice is to maintain high quality and well diversified portfolios of liquid assets and source of funds under both normal business and stressed conditions. The Company has an Asset Liability Management ("ALM") review process in place to review asset and liability maturity profile and identify any maturity mismatch. The Company maintains an optimum ratio of long-term funding i.e. debts maturing after twelve (12) months against total debts. This ratio closely matches the ratio of long-term financing receivables determined based on customers contracted terms of repayment and payment pattern for revolving credit limits granted. ALM and funding profile as well as liquidity stress testing scenarios are reviewed and discussed every quarter in the Risk Management Committee meeting, where market developments, if any, affecting funding availability are also discussed and monitored.

Despite taking steps to manage liquidity risk, there can be no assurance that the Company will always be able to meet its financial obligations as they fall due.

5.1.14 Capital ratio imposed

Pursuant to the FSA and the approval from BNM for AEON Credit's credit card business, AEON Credit is required to maintain a minimum capital ratio of 16% of all its risk assets. As at 30 June 2015, AEON Credit's capital ratio was 21.76%.

AEON Credit received confirmation from BNM on 7 October 2013 that BNM had no objection to the inclusion of the Perpetual Sukuk in the calculation of capital ratio subject to, amongst others, BNM's prior approval being obtained for any early redemption of such Perpetual Sukuk. If AEON Credit elects to include such Perpetual Sukuk in the calculation of its capital ratio, the capital ratio of the Company will increase upon issuance of the Perpetual Sukuk as such instruments shall be classified as equity under prevailing accounting standards.

AEON Credit's capital base and capital adequacy ratios may decrease in the future if its financial condition or the results of its operations deteriorate for any reason, including as a result of any deterioration in the asset quality of its loans, or if AEON Credit is not able to deploy its funding into suitably low-risk assets. If AEON Credit's capital adequacy ratio deteriorates, it may be required to obtain additional capital in order to remain in compliance with the FSA and BNM's approval. However, there is no assurance that AEON Credit will be able to obtain additional capital on favourable terms, or at all, to comply with such requirement,

which may have an adverse effect on its business, financial condition, results of operations and prospects.

5.1.15 Dependence on Directors and Key Management

It should be noted that AEON Credit's continuing success will depend to a large extent upon the abilities and continuing efforts of its existing Board and its key management which comprises foreign and local employees. AEON Credit's key management team oversees all the day to day operations of AEON Credit. The loss of any of these members may affect AEON Credit's ability to maintain its business performance.

While the loss of any of these members may affect AEON Credit's ability to maintain its business performance, AEON Credit's continued success does not depend solely upon the continued employment and performance of its key management personnel. AEON Credit has taken steps to reduce its loss of key management personnel by the continuous effort to develop succession plans for AEON Credit's key management personnel as well as by putting a structured organisation structure and operations management systems in place.

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5.2 Risks relating to the Sukuk Murabahah

5.2.1 The Issuer's ability to meet its obligations under the Sukuk Murabahah

The ability of the Issuer to meet its obligations under the Sukuk Murabahah will depend upon the Issuer's operating cashflows. The Sukuk Murabahah will not be the obligations or responsibilities of any other person than the Issuer and shall not be the obligations or responsibilities of and/or guaranteed by any of the PA/JLAs/JLMs, the Trustee, the Facility Agent or any subsidiary or affiliate thereof. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure by the Issuer to pay any amount due under the Sukuk Murabahah.

5.2.2 Suitability of investments

The Sukuk Murabahah may not be a suitable investment for all investors. Each potential investor in the Sukuk Murabahah must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Murabahah, the merits and risks of investing in the Sukuk Murabahah and the information contained in this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Murabahah and the impact the Sukuk Murabahah will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Murabahah, including where the currency of payment is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Sukuk Murabahah and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

5.2.3 Each issuance carries different risks

The purchase of the Sukuk Murabahah may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the mitigating factors of an investment in the Sukuk Murabahah. Each issuance of the Sukuk Murabahah will carry different risks and all potential investors are strongly encouraged to evaluate the Sukuk Murabahah based on its own merit before making an investment decision.

5.2.4 Shariah considerations

The Shariah Adviser has issued Shariah pronouncements in respect of the ICP Programme and the related structure and mechanism of the ICP Programme and its compliance with Shariah principles. Neither the Issuer nor the PA/JLAs/JLMs makes any representation as to the Shariah permissibility of the structure of the Sukuk Murabahah. As the Shariah pronouncement is only an expression of the view of the Shariah Adviser and not a binding opinion, investors are reminded that differences in opinion is possible. Investors are advised to obtain their own independent Shariah advice as to whether the ICP Programme structure meets their individual standards of compliance with Shariah principles and make their own determination whether to subscribe the Sukuk Murabahah. If the Sukuk Murabahah is deemed not to be Shariah-compliant by potential investors' standard of Shariah compliance, they may be prohibited from investing in the Sukuk Murabahah by virtue of their own constitutional restraints or otherwise.

Notwithstanding the approval of the Shariah Adviser of the ICP Programme, case law in Malaysia indicates that the courts in Malaysia may still examine the issue of whether it is Shariah compliant and if held to be non-Shariah compliant, the recoverability of the profit element under the Sukuk Murabahah may be affected. No assurance is given that the approval of the Shariah Adviser will not be subject to challenge on grounds that the Sukuk Murabahah is not Shariah compliant.

5.2.5 Rating of the ICP Programme

The ICP Programme has been accorded a short-term rating of P1 by RAM pursuant to a letter from RAM dated 12 February 2015. The rating addresses the likelihood of full and timely payment of profit and principal to the Sukukholders. A rating is not a recommendation to purchase, hold or sell the Sukuk Murabahah as such ratings do not comment on the market price or suitability for a particular investor. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by an assigning rating organisation in the future if, in its judgment, circumstances in the future so warrant.

Further, such a rating is not a guarantee of repayment or that there will be no default by the Issuer on the Sukuk Murabahah. In the event that the rating initially assigned to the Sukuk Murabahah is subsequently downgraded or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk Murabahah. Any downgrade or withdrawal of a rating may have an adverse effect on the liquidity and the market price of the Sukuk Murabahah. Any downgrade or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to repay the Sukuk Murabahah.

5.2.6 No prior market for the Sukuk Murabahah

The Sukuk Murabahah comprises a new issue of securities for which there currently is no secondary market. There can be no assurance that such secondary market will develop or, if it does develop, that it will provide the Sukukholders with the liquidity of investments or will continue for the tenure of the Sukuk Murabahah. If a market develops, the market value of the Sukuk Murabahah may fluctuate. Any sale of the Sukuk Murabahah by the Sukukholders in any secondary market which may develop, may be at a discount from the original issue price of the Sukuk Murabahah, depending on many factors, including the prevailing interest rates and the market for similar securities.

Trading prices of the Sukuk Murabahah may also be influenced by numerous factors, including the operating results and/or financial condition of the Issuer, political, economic, financial conditions and any other factors that can affect the capital markets and/or the industry or the Issuer. Adverse economic developments could have a material adverse effect on the market value of the Sukuk Murabahah.

5.2.7 Interest rate risk

Sukukholders may suffer unforeseen losses due to fluctuations in interest rates. Although the Sukuk Murabahah are Islamic securities which do not pay interest, they are similar to fixed-income securities and may therefore see their prices fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices. The Sukuk Murabahah may be similarly affected resulting in a capital loss for Sukukholders. Conversely, when interest rates fall, bond prices and the prices at which the Sukuk Murabahah are traded may rise.

5.3 Forward-looking statements

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding AEON Credit's 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 AEON Credit, 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 AEON Credit's present and future business strategies and the environment in which it will operate in the future. Such factors include, inter-alia, general economic and business conditions, competitions, the impact of new laws and regulations affecting AEON Credit and the industry, changes in interest rates and changes in foreign exchange rates.

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

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SECTION 6.0 INDUSTRY OVERVIEW

6.1 Overview of the Malaysian economy

The Malaysian economy is on a stronger growth trajectory in 2014, supported by resilient domestic demand and improved export performance following the global recovery. Domestic economic activity strengthened, supported mainly by vibrant private investment and steady consumption spending. During the first half of 2014, Malaysia benefited from the pickup in advanced economies, particularly the US and UK, and improvements in the euro area. The steady growth of the Asian economies including China, India and major countries of the Association of Southeast Asian Nations (“**ASEAN**”) boosted intra-regional trade, which led to the better performance of Malaysian exports. In addition, the upswing in global electronic demand amid declining inventory contributed to the better performance of the external sector.

The encouraging performance indicates that Malaysia is on track towards achieving a high-income and developed nation by 2020. The ongoing implementation of programmes and projects under the Tenth Malaysia Plan (10MP) together with the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) has resulted in significant economic gains benefiting the rakyat. The Government remains committed to implementing measures to transform and restructure the economy, to ensure sustainability in the long run. In addition, accommodative monetary and fiscal policies will continue to support growth while ensuring the well-being of the rakyat amid the rising cost of living. Given the strong performance in the first half of the year, GDP is expected to register a higher growth between 5.5% and 6% in 2014 (2013: 4.7%). The economy continues to be supported by strong macroeconomic fundamentals such as high savings and foreign reserves, manageable inflation, stable labour market conditions and a sound financial system.

The 2014 Budget is aimed at ensuring the economy sustains its strong growth momentum; strengthening public finances; enhancing human capital; intensifying urban and rural development; and promoting well-being of the rakyat. A total of RM262.2 billion is provided for the various strategies, programmes and projects. Among the major focus areas include invigorating economic activity with emphasis on the services sector, regional growth corridors and the development of small and medium enterprises (SMEs); further fiscal consolidation to ensure the sustainability of public finances; and greater efforts to enhance well-being of the rakyat. With regard to fiscal operations, the set-up of the Fiscal Policy Committee (FPC) in 2013 has provided a platform to drive comprehensive fiscal reforms to rein in the deficit as well as manage the debt level without jeopardising growth momentum.

The Malaysian economy is expected to sustain its growth momentum in 2015 driven by resilient domestic demand and an improving external sector. Given the better outlook of the global economy and underpinned by the 2015 Budget measures to further support growth and transformation programmes, GDP is expected to expand at a steady pace between 5% and 6% in 2015. However, there remain downside risks on the external front, including slow and uneven growth in the euro area, increased deflationary pressures in the advanced economies, slower growth in emerging markets and sooner-than-expected normalisation of interest rates in the US, as well as geopolitical tensions that could affect global growth.

(Source: Economic Report 2014/2015)

6.2 Outlook for the Malaysian economy in 2015

Despite a challenging external environment, the Malaysian economy is expected to register steady growth of 4.5% - 5.5% in 2015, supported mainly by sustained expansion in domestic demand amid strong domestic fundamentals and a resilient export sector. Domestic demand will continue to anchor growth in 2015, driven by private sector spending. After registering five consecutive years of above-average growth rates, private consumption is expected to grow by 6.0% in 2015. While the implementation of the GST in April and lower earnings in the commodity-related sectors are expected to affect spending, this will, however, be partially offset by higher household disposable incomes from lower fuel prices, the favourable labour market conditions and the Government measures to assist low- and middle-income households.

After three years of double-digit growth, private investment is expected to expand by 9.0%, amid lower investments in the mining sector. Nevertheless, private investment growth will be supported by on-going projects and new investments in the manufacturing and services sectors with firms benefitting from the continued global recovery and expansion in domestic demand.

Public consumption is projected to grow more moderately, with lower spending on supplies and services following the Government's expenditure rationalisation measures. Public investment is, however, expected to turn around to record positive growth, with higher capital spending by public enterprises and to a lesser extent, by the Federal Government. Investments by public enterprises reflect the continued implementation of key infrastructure projects, particularly in the utilities and transportation sub-sectors.

In the external sector, after a strong performance in 2014, the growth of gross exports is projected to moderate, amid lower commodity prices. Exports of manufactured products, however, are expected to increase at a stronger growth rate. Gross imports growth is expected to be higher in 2015, amid continued growth in intermediate imports given the expansion in export-oriented manufacturing; and higher growth in capital and consumption imports in line with the continued growth of domestic demand. Overall, the trade balance is expected to narrow but remain in surplus. The services account is projected to record a smaller deficit, with the expected recovery in tourist arrivals. Overall, the current account surplus is projected to narrow to 2% - 3% of gross national income in 2015.

(Source: BNM Annual Report 2014)

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6.3 Industry outlook on the business of the Issuer

Following the adjustment in the Overnight Policy Rate (“**OPR**”), interest rates in the banking system were revised upward. The base lending rate (“**BLR**”) of commercial banks increased to 6.78% as at end-July 2014 (end-2013: 6.53%), the first adjustment since December 2011. Likewise, the weighted average lending rate of commercial banks increased 13 bps to 5.49% (end-2013: 5.36%). Meanwhile, the interest rate on savings deposit also increased eight bps to 1.07% (end-2013: 0.99%). The increase in the interest rate on fixed deposits of 1-month to 12-month maturities was smaller, with the adjusted rates ranging between 3.07% and 3.30% (end-2013: 2.91% and 3.15%), compared with the adjustment in the BLR. The real return on fixed deposits of all maturities remained negative during the first six months of 2014. However, when the OPR was increased to 3.25% in July 2014, the real return on fixed deposits of 9-month and 12-month maturities turned positive as the inflation rate in July moderated to 3.2%.

Financing through the banking system and capital market remained strong, supporting the further expansion of economic activities during the first seven months of 2014. At the same time, volatility in the global financial markets continued as monetary accommodation especially in the US shifted towards normalisation. While this resulted in increased capital flow volatility in the region, the domestic financial markets have remained orderly and financial intermediation has not experienced any disruptions. Capitalisation of the banking system remained high, with the common equity tier 1 (“**CET 1**”) capital ratio, tier 1 capital ratio, and total capital ratio well above the regulatory minimum levels, at 12.4%, 13.2% and 15.1%, respectively as at end-July 2014.

Besides the conventional financial system, the Islamic finance industry has also shown robust growth over the last five years. Total assets in the Islamic banking industry grew on an average of 16.4% per annum, from RM303.2 billion at end-2009 to RM558.2 billion at end-2013. As at end-July 2014, the total assets of the Islamic banking system (including the development financial institutions (“**DFIs**”)) have reached RM508.8 billion. This translated into a 25.1% market share of the total banking system assets. The Islamic banking industry itself continued to be well-capitalised with the CET 1 capital ratio (12.6%), tier 1 capital ratio (12.7%), and total capital ratio (16.1%) well above the regulatory minimum requirements as at end-July 2014.

Malaysia continued to be the market leader in global sukuk issuances, accounting for 63% or USD41.7 billion of the total global sukuk issued during the first half of 2014. Foreign issuers continued to choose Malaysia, the largest and most liquid Islamic capital market, as the preferred platform for sukuk issuances. These included Societe Generale SA (France) setting up its RM1 billion multi-currency sukuk programme; Turkiye Finans Katilim Bankasi A.S. (Turkey) RM800 million sukuk issuance under its RM3 billion programme; Bumitama Agri (Singapore) Ltd’s RM500 million under its RM2 billion programme, and Islamic Development Bank’s USD1.5 billion sukuk.

Against the backdrop of strong economic performance, financing indicators of the banking system continued to grow moderately during the first seven months of 2014 as total loans outstanding expanded 8.6% to RM1,273 billion as at end-July 2014 (end-2013: 10.6%; RM1,255.7 billion). During the same period, loan disbursements grew 13% to RM601.2 billion (January – July 2013: -3.3%; RM531.9 billion). Meanwhile, loan applications and loan approvals declined 1.9% and 2.4% to

RM462.7 billion and RM222.5 billion, respectively (January – July 2013: -1.8%, -2.7%, RM471.9 billion, RM227.9 billion).

Lending to households remained active with total household loans outstanding expanding 11.1% to RM732.9 billion, and accounting for 57.6% of total loans outstanding in the banking system as at end-July 2014 (end-2013: 12%, RM693 billion; 56.5%). For January to July 2014, loan applications by the household sector eased 5.4% to RM252.1 billion (January – July 2013: 13.8%; RM266.5 billion), while loan approvals and disbursements continued grow 1.6% and 3% to RM140.1 billion and RM176.6 billion, respectively (January – July 2013: 17.8%, 5.1%, RM137.9 billion, RM171.5 billion). Loans disbursed to the household sector were mainly for consumption credit which totalled RM74.5 billion or 42.1% of total loans disbursed to households during the first seven months of 2014 (January – July 2013: RM74 billion, 43.1%). This was followed by loans for purchase of residential properties at RM46.2 billion or 26.2% (January – July 2013: RM41.9 billion, 24.4%).

Total household debt, which includes loans provided mainly by the banking system, DFIs, Treasury Housing Loan Division and other credit institutions, increased at the slowest pace since 2010 by 9.9% to RM904.3 billion, and accounted for 86.7% of nominal GDP as at June 2014 (end-2013: 11.5%; RM855.9 billion; 86.7%). The risks to domestic financial stability, however, remained well-contained supported by more than sufficient financial assets of households, stable labour market conditions and steady income growth. Household financial assets continued to grow 8.1% to RM1,996.9 billion as at end-July 2014 (end-2013: 11.1%; RM1,902.6 billion). During the same period, household financial assets accounted for more than twice the household debt. The composition of both financial assets and debts broadly unchanged. Of the total financial assets, 41.6% was held in the form of deposits and deposit-like instruments. The ratio of deposits and deposit-like instruments to household debt remained stable at 91.8%. The availability of these liquid assets provides households with some flexibility to temporarily weather any income shocks, thus safeguarding their debt repayment capacity. As at end-July 2014, the net impaired household loans ratio improved slightly to 1.2% of total household loans in the banking system (end-2013: 1.3%).

Global growth, which is picking up in the second half of 2014, is expected to strengthen further in 2015. While recovery in the advanced economies is gaining momentum, albeit at an uneven pace, the emerging and developing economies are projected to continue to drive global growth in 2015. Growth in the Malaysian economy is expected to remain steady at between 5% - 6%, underpinned by resilient domestic demand and higher exports. However, the spillover and contagion effects from the continued monetary policy normalisation in the US may still impact emerging and developing economies. In this regard, a more resilient domestic financial system following the decade of reforms, will be able to moderate the impact, while continuing to support the expending economic activities.

(Source: Economic Report 2014/2015)

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SECTION 7.0 OTHER INFORMATION

7.1 Material litigation

As at 30 June 2015, AEON Credit is not engaged in any litigation or arbitration, either as plaintiff or defendant, which may have material effect on the financial position of AEON Credit and the Board does not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of AEON Credit.

As at 30 June 2015, neither AEON Credit nor any of its directors have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the last five (5) years prior to the date of this Information Memorandum.

7.2 Material contracts outside the ordinary course of business

As at 30 June 2015, there was no material contract entered into outside the ordinary course of business by AEON Credit within the last 2 years.

7.3 Related party transactions

In respect of the significant related party transactions, please refer to Note 21 of the audited financial statements of the Issuer for FPE 2015 attached herein.

7.4 Contingent liabilities and capital commitments

As at 30 June 2015, the Board is not aware of any contingent liabilities incurred or known to be incurred by AEON Credit, which upon being enforceable, may substantially affect AEON Credit's ability to meet its obligations.

As at 30 June 2015, save as disclosed below, the Board is not aware of any capital commitments incurred or known to be incurred by AEON Credit that has been provided for, which upon being enforceable, may have a material impact on the financial impact of AEON Credit.

Capital Commitments

	Audited FYE		Audited FPE
	2013 (RM'000)	2014 (RM'000)	2015 (RM'000)
Plant and equipment			
Authorised but not contracted for	141	-	-
Contracted but not provided for	4,161	2,706	3,021

7.5 Potential conflict of interests and appropriate mitigating measures

(a) In relation to AmInvestment Bank

As at the date hereof and after making enquiries as were reasonable in the circumstances, AmInvestment Bank as one of the JLAs/JLMs confirms that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation arising from the role assumed by it in relation to the ICP Programme.

(b) In relation to BTMU

As at the date hereof and after making enquiries as were reasonable in the circumstances, BTMU as one of the JLAs/JLMs has confirmed that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation arising from the role assumed by it in relation to the ICP Programme.

(c) In relation to Mizuho

As at the date hereof and after making enquiries as were reasonable in the circumstances, Mizuho as one of the JLAs has confirmed that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation arising from the role assumed by it in relation to the ICP Programme.

(d) In relation to RHB Investment Bank

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB Investment Bank as the PA, Facility Agent and one of the JLAs/JLMs confirms that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation arising from the roles assumed by it in relation to the ICP Programme, save as disclosed below:-

RHB Investment Bank's conflict of interest or potential conflict of interest arises or may arise through the Shariah Adviser's conflict of interest or potential conflict of interest mentioned in Section 7.5 (g) below given that both RHB Investment Bank and the Shariah Adviser are related corporations although being separate entities.

In order to further mitigate or address the above potential conflict, the following measures have been taken:

- (i) RHB Investment Bank is a licensed investment bank which is governed by the FSA and CMSA and its appointment as the PA, Facility Agent and one of the JLAs/JLMs in relation to the ICP Programme is within the ordinary course of its business;
- (ii) The role of RHB Investment Bank will be governed by the relevant agreements and documentations, which shall clearly set out the

rights, duties and responsibilities of RHB Investment Bank in its capacity as the PA, Facility Agent and one of the JLAs/JLMs, and shall be carried out on an arm's length basis and independently by RHB Investment Bank;

- (iii) The Issuer is aware that the Shariah Adviser and RHB Investment Bank are related corporations. The potential conflict of interest situation in relation to the appointment of the Shariah Adviser has been brought to the attention of the Board and the Board has approved the appointment of RHB Investment Bank as the PA, Facility Agent and one of the JLAs/JLMs for the ICP Programme. The Board is fully informed and aware of the potential conflict of interest in relation to the appointment of the Shariah Adviser and has reaffirmed and acknowledged the potential conflict of interest situation in relation to the appointment of RHB Investment Bank; and
- (iv) Due diligence review pursuant to the ICP Programme has been undertaken by the solicitors for the ICP Programme.

(e) In relation to the Solicitors

Messrs. Adnan Sundra & Low

As at the date hereof and after making enquiries as were reasonable in the circumstances, Adnan Sundra & Low as the solicitor for the PA/JLAs/JLMs has confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest arising from the role assumed by it in relation to the ICP Programme.

(f) In relation to the Sukuk Trustee

Malaysian Trustees Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, Malaysian Trustees Berhad as the Sukuk Trustee to the ICP Programme has confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest arising from the role assumed by it in relation to the ICP Programme save as disclosed below:-

Malaysian Trustees Berhad's conflict of interest or potential conflict of interest arises or may arise through the Shariah Adviser's conflict of interest or potential conflict of interest mentioned in Section 7.5 (g) below given that both Malaysian Trustees Berhad and the Shariah Adviser are related corporations although being separate entities.

In order to further mitigate or address the above potential conflict, the following measures have been taken:

- (i) Malaysian Trustees Berhad is a licensed trustee company and its appointment as the Sukuk Trustee in relation to the ICP Programme is within the ordinary course of its business;

- (ii) The role of Malaysian Trustees Berhad will be governed by the relevant agreements and documentations, which shall clearly set out the rights, duties and responsibilities of Malaysian Trustees Berhad in its capacity as the Sukuk Trustee, and shall be carried out on an arm's length basis and independently by Malaysian Trustees Berhad;
- (iii) The Issuer is aware that the Shariah Adviser and Malaysian Trustees Berhad are related corporations. The potential conflict of interest situation in relation to the appointment of the Shariah Adviser has been brought to the attention of the Board and the Board has approved the appointment of Malaysian Trustees Berhad as the Sukuk Trustee for the ICP Programme. The Board is fully informed and aware of the potential conflict of interest in relation to the appointment of the Shariah Adviser and has reaffirmed and acknowledged the potential conflict of interest situation in relation to the appointment of Malaysian Trustees Berhad;
- (iv) Malaysian Trustees Berhad has issued a declaration on its compliance with the Guidelines On Allowing A Person To Be Appointed Or To Act As A Trustee under section 260(2) of the CMSA (formerly under subsection 69(2) of the Securities Commission Act 1993); and
- (v) Due diligence review pursuant to the ICP Programme has been undertaken by the solicitors for the ICP Programme.

(g) In relation to the Shariah Adviser

RHB Islamic Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB Islamic Bank Berhad as the Shariah Adviser to the ICP Programme has confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest arising from the role assumed by it in relation to the ICP Programme, save as disclosed below:-

RHB Islamic Bank Berhad has within the ordinary course of business, made available to the Issuer, a revolving credit facility of the amount of RM200.0 million. Currently, there is no outstanding amount under the said revolving credit facility.

In order to further mitigate or address the above potential conflict, the following measures have been taken:

- (i) RHB Islamic Bank Berhad is an Islamic bank or a financial institution approved by BNM to carry out Islamic Banking Scheme or Skim Perbankan Islam and its appointment as the Shariah Adviser in relation to the ICP Programme is within the ordinary course of its business;

- (ii) The role of RHB Islamic Bank Berhad will be governed by the relevant mandate letter, which shall clearly set out the rights, duties and responsibilities of RHB Islamic Bank Berhad in its capacity as the Shariah Adviser in relation to the ICP Programme, and shall be carried out on an arm's length basis and independently by RHB Islamic Bank Berhad;
- (iii) The potential conflict of interest situation has been brought to the attention of the Board and the Board is fully informed and aware of the potential conflict of interest and the Board has vide its board of directors' resolutions dated 3 April 2015, agreed to proceed with the ICP Programme based on the present arrangements; and
- (iv) Due diligence review pursuant to the ICP Programme has been undertaken by the solicitors for the ICP Programme.

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APPENDIX I

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2015

ISSUER

AEON Credit Service (M) Berhad
Level 29, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur

PRINCIPAL ADVISER

RHB Investment Bank Berhad
Level 11, Tower Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

JOINT LEAD ARRANGERS

AmInvestment Bank Berhad	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	Mizuho Bank (Malaysia) Berhad	RHB Investment Bank Berhad
Level 22, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur	Level 9, Menara IMC No.8, Jalan Sultan Ismail 50250 Kuala Lumpur	Level 27, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur	Level 11, Tower Three, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur

JOINT LEAD MANAGERS

AmInvestment Bank Berhad	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	CIMB Investment Bank Berhad	Maybank Investment Bank Berhad	RHB Investment Bank Berhad
Level 22, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur	Level 9, Menara IMC, No.8, Jalan Sultan Ismail 50250 Kuala Lumpur	Level 18, Menara CIMB, Jalan Stesen Sentral 2 50470 Kuala Lumpur	32 nd Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur	Level 11, Tower Three RHB Centre Jalan Tun Razak 50400 Kuala Lumpur

SUKUK TRUSTEE

Malaysian Trustees Berhad
8th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur

FACILITY AGENT

RHB Investment Bank Berhad
Level 11, Tower Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

CENTRAL DEPOSITORY AND PAYING AGENT

Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur

SHARIAH ADVISER

RHB Islamic Bank Berhad
Level 11, Menara Yayasan Tun Razak 200, Jalan Bukit Bintang, 55100 Kuala Lumpur

SOLICITOR

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