

AEON CREDIT SERVICE (M) BERHAD
PERPETUAL PRIVATE DEBT SECURITIES PROGRAMME OF UP TO RM400.0
MILLION IN NOMINAL VALUE

Principal Terms and Conditions

1. BACKGROUND INFORMATION

- (a) **Issuer**
- (i) **Name** : AEON Credit Service (M) Berhad (the “**Issuer**”)
- (ii) **Address** : Registered Office
Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
- Business Office
Level 29, Menara Olympia
No.8 Jalan Raja Chulan
50200 Kuala Lumpur
- (iii) **Business Registration No.** : 412767-V
- (iv) **Date and Place of Incorporation** : 6 December 1996 / Kuala Lumpur
- (v) **Date of Listing, where applicable** : Listed on Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 12 December 2007
- (vi) **Status** : Non-resident controlled company
- (vii) **Principal activities** : The Issuer’s core business consists of the provision of easy payment schemes, personal financing schemes and issuance of credit cards under the international brand names of Visa and MasterCard.
- (viii) **Board of directors** : The board of directors of the Issuer as at 30 August 2013:
- 1) Dato’ Abdullah bin Mohd Yusof
 - 2) Yasuhiro Kasai
 - 3) Jun Suzuki
 - 4) Masanori Kosaka
 - 5) Datuk Ramli bin Ibrahim
 - 6) Dato’ Md Kamal bin Ismaun
 - 7) Ng Eng Kiat
 - 8) Krishnappan A/L S.P.S. Singaram

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9) Clarence Chai

10) Kenji Fujita

11) Lee Tyan Jen

- (ix) **Structure of shareholdings and names of substantial shareholders** : The structure of shareholdings and names of substantial shareholders of the Issuer as 30 August 2013:

Name	Shareholding (%)	
	Direct	Indirect
AEON Financial Service Co., Ltd. (formerly known as AEON Credit Service Co., Ltd) (“ AFSJ ”)	59.70	-
Aberdeen Asset Management PLC and its subsidiaries	6.20	-
AEON Co., Ltd. ⁽¹⁾	-	61.85
Mitsubishi UFJ Financial Group, Inc. ⁽²⁾	-	6.20

Notes:

^[1] Indirect interest by virtue of its interest in AFSJ and AEON CO. (M) Bhd, pursuant to Section 6A of the Companies Act, 1965.

^[2] Mitsubishi UFJ Financial Group, Inc is deemed interested in the shares by virtue of Mitsubishi UFJ Financial Group, Inc's wholly owned subsidiary, Mitsubishi UFJ Trust & Banking Corp, holding more than 15% in Aberdeen Asset Management PLC.

- (x) **Authorised, issued and paid-up capital** : The authorised and paid-up capital of the Issuer as at 30 August 2013 are as follows:

Authorised capital:

RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each.

Issued and Paid-up capital:

RM72,000,000 comprising 144,000,000 ordinary shares of RM0.50 each.

- (xi) **Disclosure of the following** : The Issuer or its board members have not been convicted or charged with any offence under the

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securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five (5) years prior to the date of application for authorisation to the Securities Commission Malaysia (“SC”) in respect of the Perpetual Private Debt Securities Programme (as defined in item 2(b) below).

The Issuer has not been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five (5) years prior to the date of application for authorisation to the SC in respect of the Perpetual Private Debt Securities Programme.

2. PRINCIPAL TERMS AND CONDITIONS

(a) Names of parties involved in the proposed transaction

- | | | |
|--------|---|--|
| (i) | Principal Adviser (“PA”) | : Hong Leong Investment Bank Berhad (<i>formerly known as MIMB Investment Bank Berhad</i>) (Company No. 10209-W) (“ HLIB ”) |
| (ii) | Lead Arranger (“LA”) | : HLIB |
| (iii) | Co-Arranger | : Affin Investment Bank Berhad (Company No. 9999-V) (“ Affin Investment ”) |
| (iv) | Solicitor | : <u>Due diligence solicitor for the PA/LA and Co-Arranger</u>
Messrs. Wong Beh & Toh

<u>Transaction solicitor for the PA/LA and Co-Arranger</u>
Messrs. Adnan Sundra & Low |
| (v) | Financial Adviser | : Not applicable |
| (vi) | Technical Adviser | : Not applicable |
| (vii) | Bond Trustee | : Pacific Trustees Berhad (“ Trustee ”) |
| (viii) | Guarantor | : Not applicable |
| (ix) | Valuer | : Not applicable |
| (x) | Facility Agent | : HLIB |
| (xi) | Primary Subscriber (under a bought-deal arrangement) and amount subscribed | : Not applicable |

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|--------|--|---|
| (xii) | Underwriter and amount underwritten | : To be determined, if applicable, at the point of each issuance. |
| (xiii) | Central Depository | : Bank Negara Malaysia (" BNM ") |
| (xiv) | Paying Agent | : BNM |
| (xv) | Reporting Accountant | : Not applicable |
| (xvi) | Calculation Agent | : Not applicable |
| (xvii) | Others (please specify) | : <u>Joint Lead Managers("JLMs")</u>
HLIB, Affin Investment, RHB Bank Berhad (Company No. 6171-M) and such other joint lead manager(s) as may be appointed and mutually agreed between the Issuer, the PA/LA and the existing JLMs prior to each issuance of the Perpetual Notes |
- (b) Facility Description** : Proposed issuance of unrated subordinated perpetual notes ("**Perpetual Notes**") pursuant to a proposed perpetual private debt securities programme of up to RM400.0 million in nominal value ("**Perpetual Private Debt Securities Programme**").
- (c) Issue/Debt Programme Size** : The size of the Perpetual Private Debt Securities Programme is up to RM400.0 million in nominal value ("**Programme Limit**").
- The outstanding nominal value of the Perpetual Notes issued under the Perpetual Private Debt Securities Programme shall not exceed the Programme Limit at any point in time.
- (d) Tenure of Issue/Debt Programme** : Perpetual
- (e) Availability Period of Debt Programme** : Commencing from the Financial Close (as defined herein) and ending on the date falling eighty-four (84) months from the Financial Close.
- The first issuance shall not be later than two (2) years from the date of the SC's authorisation.
- "Financial Close"** means upon completion of documentation and compliance of all

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Conditions Precedent (as defined in item 2(q) below) and other applicable conditions to the satisfaction of the PA/LA unless waived by the PA/LA.

- (f) **Interest/ Coupon Rate** : The Perpetual Notes confer a right to receive distribution ("**Distribution**") at a frequency provided in item 2(g) below.

The rate of Distribution ("**Distribution Rate**") shall be determined prior to each issuance of the Perpetual Notes subject to item 2(v)(iii) below.

- (g) **Interest / Coupon Payment Frequency** : Semi-annual basis in arrears ("**Distribution Payment Date**") commencing six (6) months from the date of issue of the Perpetual Notes.

- (h) **Interest / Coupon Payment Basis** : The Distribution shall be calculated based on the actual number of days elapsed over 365 days basis (actual / 365).

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

- (j) **Details on Utilisation of Proceeds by Issuer** : The proceeds arising from the issuance of the Perpetual Notes shall be utilised for the following purposes:-

Purpose	Amount in nominal value (Up to RM'000)
To partially refinance bank borrowings ⁽¹⁾	150,000
Working capital and investment in assets ⁽²⁾	247,580
Estimated expenses incidental to the Perpetual Private Debt Securities Programme ⁽³⁾	2,420
Total	400,000

Notes:

(1) Funds set aside for this item may be utilised for item (2) and vice versa.

(2) General working capital requirements of the Issuer refer to operating and administrative expenses, marketing and promotional expenses such as advertisement, printing and payment of

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staff costs, finance costs and taxes for the Issuer's business operations, and investments in assets refer to loan disbursements to customers in ordinary course of business of providing consumer financing. Funds set aside for this item may be utilised for item (1) and vice versa.

(3) Funds set aside for this item may be utilised for item (2) and vice versa

- (k) **Sinking Fund and Designated Accounts, where applicable** : Not applicable
- (l) **Rating**
- (i) **Credit Rating(s) Assigned** : The Perpetual Notes will not be rated
- (ii) **Name of Rating Agency** : Not applicable
- (m) **Mode of Issue** : The Perpetual Notes will be issued via private placement on best effort basis without prospectus.
- The Perpetual Notes will be issued in accordance with the:
- (i) Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") dated 6 May 2011 ("**MyClear Procedures**"); and
- (ii) Participation and Operation Rules for Payment and Securities Services issued by My Clear dated 6 May 2011 ("**MyClear Rules**") (MyClear Procedures and MyClear Rules are collectively referred to as "**MyClear Procedures and Rules**", subject to such exemptions (if any) granted from time to time.
- (n) **Selling Restriction, including tradability (i.e. tradable or non-transferable)** : The Perpetual Notes may not be offered or sold, directly or indirectly, nor any document or other material in connection therewith be distributed in Malaysia or anywhere else, other than to persons falling within any of the following categories of persons:

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At Issuance

Schedule 6 or Section 229(1)(b) or Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 as amended from time to time.

Selling Restrictions thereafter

Not applicable as the Perpetual Notes are non-transferable and non-tradable.

- (o) **Listing Status and Types of Listing** : The Perpetual Notes will not be listed on Bursa Securities or on any other stock exchange.
- (p) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** : Not applicable
- (q) **Conditions Precedent** : Conditions precedent typical and customary for transaction of this nature, to the satisfaction of the PA/LA shall include but not limited to the following:

(i) Main Documentation

All Transaction Documents (as defined in item 2(v)(xxii) below) have been duly executed, and where applicable, stamped (unless otherwise exempted) and presented for registration with the relevant authorities;

(ii) The Issuer

- (a) Certified true copies of the Certificate of Incorporation, Memorandum and Articles of Association, latest Forms 24, 44 and 49 of the Issuer;
- (b) A certified true copy of board resolutions of the Issuer authorising, amongst others, the execution of the Transaction Documents and issuance of the Perpetual Notes;
- (c) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (d) A satisfactory report of the relevant search

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of the Issuer conducted at the Companies Commission of Malaysia and winding up search of the Issuer which revealed that no winding up order has been made against the Issuer; and

- (e) If the Issuer has elected for such issuance (the whole and not part of a series) of the Perpetual Notes to be included in the calculation of capital ratio of the Issuer, receipt of the Issuer's confirmation of such inclusion.

(iii) General

- (a) The authorisation from the SC for the Perpetual Private Debt Securities Programme;
- (b) Receipt of satisfactory legal opinion from the Transaction solicitors, to be addressed to the PA/LA and Facility Agent, advising with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and written confirmation that all conditions precedent have been duly fulfilled or waived;
- (c) Receipt of a satisfactory opinion from an accounting firm acceptable to the PA/LA and Facility Agent on the accounting treatment of the Perpetual Notes that the Perpetual Notes will be recorded as equity in the financial statements of the Issuer;
- (d) Documentary evidence that the Trustee Reimbursement Account has been established and the deposit of RM30,000 has been made;
- (e) All required approvals and consents including shareholders' approval (if applicable) for the Perpetual Private Debt Securities Programme have been obtained;
- (f) Evidence that all fees, costs and expenses in relation to establishing the Perpetual Private Debt Securities Programme have been paid in full to the

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extent that the same are due and payable before the issuance of the Perpetual Notes;

- (g) Receipt of the results of the legal due diligence on the Issuer satisfactorily to the PA/LA from the Due diligence solicitor;
- (h) Receipt of the legal due diligence opinion on the Issuer satisfactorily to the PA/LA from the Transaction solicitor; and
- (i) Such other conditions to be advised by the Transaction solicitor and mutually agreed between the PA/LA and the Issuer.

(iv) Prior to each issuance of the Perpetual Notes

- (a) Receipt of the Issuer's certification that it is in compliance with all representations and warranties, covenants and no Enforcement Event has occurred under the Transaction Documents;
- (b) For each issuance of the Perpetual Notes, the proportion of outstanding Perpetual Notes (including the proposed issuance and other Parity Obligations (as defined in item 2(v)(i) below)) to the Shareholders' Funds (as defined herein) of the Issuer shall not exceed 35%;
- (c) If the Issuer has elected for such issuance (the whole and not part of a series) of the Perpetual Notes to be included in the calculation of capital ratio of the Issuer, receipt of the Issuer's confirmation of such inclusion; and
- (d) Such other conditions to be advised by the Transaction solicitor and mutually agreed between the Issuer, and the JLMs prior to each issuance of the Perpetual Notes.

"Shareholders' Funds" shall be the aggregate of share capital, share premium, any hybrid capital classified as equity (including but not limited to the Perpetual Notes issued) and reserves.

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- (r) Representations and Warranties** : Representations and warranties typical and customary for transaction of this nature which shall include but not limited to the following:
- (a) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia and has full power and authority to own assets and to carry on its business;
 - (b) The Issuer has the power to enter into, exercise its rights and perform its obligations under the respective Transaction Documents;
 - (c) All necessary actions, authorisations and consents required under the respective Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
 - (d) The Transaction Documents constitute legal, valid, binding and enforceable obligations of which are enforceable on and against the Issuer;
 - (e) No registration and no payment of any duty or tax or other action is necessary to ensure the validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents;
 - (f) The Issuer's entry into, exercise of its rights and performance of its obligations under the respective Transaction Documents do not and will not violate any existing law or agreements to which it is a party;
 - (g) To the Issuer's knowledge, there are no change of law or other governmental action has occurred which shall make it improbable for the Issuer to perform covenants and obligations on its part to be performed under the Transaction Documents;
 - (h) The audited financial statements of the Issuer of each of its financial year have been prepared on a basis consistently applied in accordance with the approved

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accounting principles and standards in Malaysia and give a true and fair view of the results of its operations for that year and the state of its affairs at that date;

- (i) There has been no event or occurrence which constitutes a violation of the law or contravention of or default under any agreement, by the Issuer which may have a Material Adverse Effect (as defined herein);
- (j) There is no change in its business condition (financial or otherwise), performance or results of the operations of the Issuer which may have a Material Adverse Effect;
- (k) There is no winding up petition or any litigation or arbitration which may have a Material Adverse Effect which has occurred or is continuing; and
- (l) Such other representations and warranties as may be advised by the Transaction solicitor and mutually agreed between the PA/LA and the Issuer.

“Material Adverse Effect” means, in relation to any event, the occurrence of which in the reasonable opinion of the Trustee may materially and adversely effect:

- (i) the ability of the Issuer to perform any of its obligations under the Transaction Documents; or
- (ii) the business condition (financial or otherwise), operations or prospects of the Issuer and its subsidiaries; or
- (iii) (a) the legality, validity or enforceability of the Issuer’s obligations and/or (b) the rights or remedies of the Trustee or the holders of the Perpetual Notes (**“Noteholder(s)”**) under any of the Transaction Documents.

(s) Events of Default and Enforcement Events, where applicable	: <u>Events of Default</u> Not applicable.
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Enforcement Events

Upon occurrence of any Enforcement Event, the Enforcement Remedy may be enforced.

The Enforcement Events are as follows:

- (i) The Issuer fails to pay (a) the Distributions (including Arrears of Distribution (as defined in item 2(v)(v) below) on any of the Perpetual Notes when due (for this purpose, such payment will not be due if the Issuer has elected to request deferment by giving written notice to the Facility Agent and the Trustee); or (b) the relevant outstanding nominal value, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption on the Perpetual Notes when due, and such failure continues for a period of five (5) business days; or
- (ii) A court order is made or an effective resolution is passed for the winding up or dissolution of the Issuer.

For the avoidance of doubt, a breach of covenant by the Issuer (apart from failure to pay) will not constitute an Enforcement Event.

Enforcement Remedy

Upon the occurrence of an Enforcement Event under item 2(s)(i) above, the Trustee may declare that an Enforcement Event has occurred and the Trustee (for and on behalf of the Noteholder(s)) may institute such proceedings as they may think fit to enforce the obligations of the Issuer, including institute proceedings for the winding up of the Issuer and/or prove in the winding up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

Upon the occurrence of an Enforcement Event under item 2(s)(ii) above, the Trustee may at its discretion or shall, if directed to do so by a special resolution, declare that an Enforcement Event has occurred and that all the outstanding Perpetual Notes together with outstanding Distributions (including any Arrears of Distribution) are immediately due

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and payable by the Issuer.

For the avoidance of doubt, it is not allowed under the terms and conditions of the Perpetual Notes for acceleration of payments, save for an Enforcement Event under item 2(s)(ii) above.

(t) Covenants

: Such covenants as are customary for a transaction of this nature and required in order to comply with the Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) ("**Trust Deeds Guidelines**") issued by the SC including but not limited to the following:

(i) Positive Covenants

- : (a) The Issuer will give to the Trustee any information which the Trustee may reasonably require in order to discharge its duties and obligations under the Transaction Documents relating to the Issuer's affairs to the extent permitted by law;
- (b) The Issuer will exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others that all necessary approvals or relevant licenses are obtained;
- (c) The Issuer shall maintain and keep proper respective books and accounts at all times in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia and subject to reasonable advance written notice being given to the Issuer, provide the Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law;
- (d) Maintain a paying agent, or its equivalent, who is based in Malaysia ("**Paying Agent**");
- (e) Procure the Paying Agent to notify the Trustee, through the Facility Agent, in the event that the Paying Agent does not receive payment from the Issuer on the

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due dates as required under Transaction Documents (unless deferment request has been given) and the terms and conditions of the Perpetual Notes; and

- (f) Such other covenants as may be advised by the Transaction solicitor and mutually agreed between the PA/LA and the Issuer.

(ii) Negative Covenants

: Unless with the prior written consent of the Noteholders:

- (a) The Issuer shall not permit any amendment, supplement or variation to its Memorandum and Articles of Association in a manner inconsistent with the Transaction Documents to which it is a party and/or which may be materially prejudicial to the interests of the Noteholders or change the utilisation of proceeds from the Perpetual Notes as set out herein;
- (b) The Issuer shall not enter into a transaction, whether directly or indirectly with interested persons unless:
 - (i) such transaction shall be 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) with respect to 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 certifies to the Trustee that the transaction complies with paragraph (b)(i) above, that the Issuer has received the certification referred to in paragraph (b)(ii) above

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(where applicable) and that the transaction has been approved by the majority of the board of directors or shareholders of the Issuer 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 Trustee that the transaction complies with paragraph (b)(i), that the Issuer has obtained or renewed, where applicable, the shareholders’ mandate in accordance with the said Listing Requirements and that the Issuer furnishes at least one certificate to the trustee in respect of the RRPT contemplated under one shareholders’ mandate; and

(iv) such transaction will not have a Material Adverse Effect on the Issuer; and

(c) Such other negative covenants as may be advised by the Transaction solicitor and mutually agreed between the PA/LA and the Issuer.

(iii) Information Covenants

: (a) The Issuer shall without any prior demand deliver to the Trustee the following:

(i) Semi-annual unaudited results within sixty (60) days from the end of each half year;

(ii) Year-end audited financial statements within one hundred and twenty (120) days from its financial year end;

(iii) Promptly and in any event no later than thirty (30) business days, after receipt of such request from the Trustee, any other information relating to its business, affairs and

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financial condition as may from time to time be reasonably requested by the Trustee in order to discharge its duties and obligations as Trustee to Noteholders to the extent permitted by law;

- (iv) Promptly, any notices, circulars and other documents dispatched by the Issuer to its shareholders; and
 - (v) Within one hundred and eighty (180) days after each of its financial year end, a certificate confirming that the Issuer has complied with all its obligations under the Transaction Documents and the terms and conditions of the Perpetual Notes and that there did not exist or had not existed, from the date the Perpetual Notes were issued or date of the previous certificate as the case may be, any Enforcement Event, where applicable and if such is not the case, to specify the same with details of the same.
- (b) The Issuer shall notify the Trustee in writing immediately of:
- (i) The occurrence of an Enforcement Event;
 - (ii) Any circumstances that have occurred that would materially prejudice the Issuer and any other matter that may materially prejudice the interests of the Noteholders;
 - (iii) Any claims against it which could have Material Adverse Effect upon the ability of the Issuer to perform its obligations under the Transaction Documents to which it is a party and shall defend itself against such claims;
 - (iv) Any change in the withholding tax position or taxing jurisdiction of the Issuer insofar as it affects the payment obligations of the Issuer;

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- (v) Any change in the utilisation of proceeds from the Perpetual Notes where the Transaction Documents sets out a specific purpose for which proceeds are to be utilised;
- (vi) Any substantial change in the nature of the business of the Issuer;
- (vii) Any material change in the directorship, management and shareholder or any other changes that may materially and adversely affect its business condition (financial or otherwise);
- (viii) The occurrence of any event that has caused or could cause, one or more of the following:
 - (aa) any amount payable under the Perpetual Notes to become immediately payable;
 - (bb) the Perpetual Notes to become immediately enforceable pursuant to the occurrence of an Enforcement Event; or
 - (cc) any other right or remedy under the terms, provisions or covenants of the Perpetual Notes or the trust deed to become immediately enforceable; and
- (ix) Any other matter that may materially prejudice the interests of the Noteholders.

(u) Provision on buy-back and early redemption of the bonds

- (i) **Early Redemption** : The Perpetual Notes are issued on a perpetual basis and the Issuer may redeem the Perpetual

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Notes in the event of occurrence of any of the events stated in item 2(v)(ix) below. The Perpetual Notes redeemed by the Issuer shall be cancelled and may not be reissued or resold.

- (ii) **Buy-back and Cancellation** : The Perpetual Notes shall not be transferable nor tradable in the secondary market. As such, the Issuer, its subsidiaries or its agent may not purchase the Perpetual Notes in the open market or by private treaty.

(v) Other Principal Terms and Conditions for the Issue

- (i) **Status of the Perpetual Notes** : The Perpetual Notes shall constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and the Parity Obligations (as defined herein). In the event that an order is made or an effective resolution is passed for the winding up of the Issuer, the payment obligations of the Issuer under the Perpetual Notes shall in such winding up:

(i) rank ahead of the holders of Junior Obligations (as defined herein) of the Issuer; and

(ii) rank junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer).

“Junior Obligations” means, in relation to any entity, any class of the Issuer’s share capital (including any preference shares).

“Parity Obligations” means any instrument or security (excluding any preference shares) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation or law, *pari passu* with the Perpetual Notes.

- (ii) **Call Date** : The Call Date for each issuance shall be on the date of the fifth (5th) anniversary of the date of issue of the relevant Perpetual Notes (**“First Call Date”**) and thereafter on each subsequent Distribution Payment Date of the relevant Perpetual Notes.

- (iii) **Stepped-Up** : Commencing from the First Call Date and on

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| | Distribution Rate | every anniversary date thereafter, an additional Stepped-Up Distribution Rate of 1.00% per annum above the prevailing Distribution Rate shall be incurred on an annual basis until the Perpetual Notes is fully redeemed, subject to a maximum rate of 20% per annum (" Maximum Rate "). |
| (iv) | Optional Deferral of Distribution | <p>: The Issuer may, at its sole discretion, elect to defer part or all of the Distribution (or Arrears of Distribution) by giving not less than five (5) business days before the relevant Distribution Payment Date, in writing to the Facility Agent and the Trustee that part or all of the Distributions (or Arrears of Distribution) on such Distribution Payment Date will be deferred provided such notice is given within the period of six (6) months prior to the relevant Distribution Payment Date:</p> <ul style="list-style-type: none">(i) no dividend, distribution or other payment has been paid or declared by the Issuer in respect of any of the Issuer's Junior Obligations or Parity Obligations; and(ii) none of the Issuer's Junior Obligations or Parity Obligations has been redeemed, reduced, cancelled, bought-back or acquired by the Issuer. |
| (v) | Cumulative Deferral | <p>: Any part or all of the Distribution deferred pursuant to item 2 (v)(iv) above shall constitute "Arrears of Distribution". The Arrears of Distribution shall be due and payable on the next Distribution Payment Date. The Issuer is not subject to any limit as to the number of times Distributions and/or Arrears of Distribution can or shall be deferred (subject to item 2(v)(iv) above).</p> <p>Notwithstanding any other provisions, the deferral of any Distribution or Arrears of Distribution in accordance with item 2(v)(iv) above shall not constitute an Enforcement Event.</p> |
| (vi) | Dividend and Capital Stopper | <p>: So long as any Distributions (including Arrears of Distribution) are outstanding, the Issuer shall not:</p> <ul style="list-style-type: none">(i) declare or pay any dividends, payments or other distributions on any of its Junior Obligations or its Parity Obligations; or(ii) redeem, reduce, cancel, buy-back or |

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acquire any of its Junior Obligations or its Parity Obligations (or contribute any monies to a sinking fund for the redemption of any such obligations).

In each case until it has paid the outstanding Arrears of Distribution plus one (1) Distribution payment thereafter ("**Next Distribution Payment**"). For avoidance of doubt, the Next Distribution Payment will be utilised to service the next Distribution payment.

- (vii) **Dividend and Capital Pusher** : Payment by the Issuer of any outstanding Distributions (including Arrears of Distribution) will be mandatory (regardless of the Optional Deferral of Distribution) within one (1) month from any date:-
- (i) if the Issuer has on such date declared or paid any dividends, payments or other distributions on any of its Junior Obligations or Parity Obligations; or
 - (ii) if the Issuer has on such date redeemed, reduced, cancelled, bought-back or acquired any of its Junior Obligations or Parity Obligations (or contribute any monies to a sinking fund for the redemption of any such obligations).
- (viii) **Set-off** : Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Notes, and each Noteholder shall, by virtue of its holding of any Perpetual Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Perpetual Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding up or administration, the liquidator or as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or as appropriate, administrator of the Issuer) and

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(ix) **Redemption** : The Perpetual Notes are perpetual securities with no fixed final date of redemption. The Perpetual Notes may be redeemed at the option of the Issuer (but not the Noteholders) and subject to the prior approval and/or consent of BNM and/or other relevant authorities (if any) in the event that the Issuer elects for such issuance (the whole and not part of a series) of the Perpetual Notes to be included in the calculation of capital ratio of the Issuer in the circumstances described under **“Optional Redemption”, “Accounting Event Redemption”, “Tax Event Redemption”, “Privatisation Event Redemption” and “Shareholder/Shareholding Event Redemption”**. All Perpetual Notes redeemed by the Issuer at its option shall be cancelled and may not be reissued or resold.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Noteholders) for the Optional Redemption.

(xii) **Accounting Event Redemption** : If at any time an Accounting Event has occurred and is continuing and the auditor of the Issuer has delivered an opinion that an Accounting Event has occurred, the Issuer may, at its option and subject to item 2(v)(ix) above, redeem the Perpetual Notes (in whole, but not in part) at the outstanding nominal value, together with

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outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption.

The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Noteholders) for the Accounting Event Redemption.

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| (xiii) | Tax Event | : | If at any time the Issuer has or will become obliged to pay additional amounts as provided or referred to in item 2(v)(xxi) as result of any change in, or amendment to, the laws or regulations of Malaysia, or any change in the application or official interpretation of such laws (" Tax Event "), the tax agent to the Issuer must deliver an opinion to the effect that a Tax Event has occurred. |
| (xiv) | Tax Event Redemption | : | If at any time a Tax Event has occurred and is continuing and the tax agent of the Issuer has delivered an opinion that a Tax Event has occurred, the Issuer may, at its option and subject to item 2(v)(ix) above, redeem the Perpetual Notes (in whole, but not in part) at the outstanding nominal value, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption. |
| | | | The Issuer shall give not less than thirty (30) days' and not more than sixty (60) days' prior written notice (which notice shall be irrevocable) to the Trustee (for and on behalf of the Noteholders) for the Tax Event Redemption. |
| (xv) | Privatisation Event | : | If at any time any of the shareholders of the Issuer acting on its own or acting in concert with any other parties, undertake an exercise to take the Issuer private or the Issuer fails to maintain its status as a public listed company, a Privatisation Event has occurred. |
| (xvi) | Privatisation Event Redemption | : | If at any time a Privatisation Event has occurred and is continuing, the Issuer may, at its option and subject to item 2(v)(ix) above, redeem the Perpetual Notes (in whole, but not in part) at the outstanding nominal value, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for |

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redemption by giving written notice with such notice period as may be determined by the Issuer (which notice shall be irrevocable) to the Trustee (for and on behalf of the Noteholders).

Should the Issuer decide not to exercise its right of redemption under the Privatisation Event Redemption, the Distribution Rate will be increased to the Maximum Rate as the case may be with immediate effect.

- (xvii) Shareholder/Shareholding Event** : A Shareholder/Shareholding Event shall have occurred, if at any time:
- (i) The Issuer reduces its issued capital in any way (except by way of a duly authorised buy-back of shares by the Issuer); or
 - (ii) The existing shareholders of the Issuer, AEON Co., Ltd. and AEON Financial Service Co., Ltd. cease to directly or indirectly hold or control (either individually or collectively) at least 51% of the issued capital of, and the voting shares in, the Issuer;
 - (iii) The Issuer enters into any transactions, requiring shareholders' approval, and such transactions have been entered into without the consent of the Noteholders, save and except for such transactions (i) typically and regularly tabled at its annual general meeting, (ii) is required to be tabled at its annual general meeting, (iii) which will or will cause an increase in the issued capital of the Issuer, (iv) in relation to any authorised buy-back of the Issuer's shares or (v) such other transactions which will not have a Material Adverse Effect; or
 - (iv) The Issuer carries out any exercise which will cause the share capital of the Issuer to be reduced; or
 - (v) Save for those disclosed in writing to the JLMs prior to the date of the Transaction Documents, the Issuer's subsidiaries have any present or future dividend restriction arrangements/ agreements (save and except where the dividend

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restriction is imposed by lenders as a condition for the availability of credit or financing facilities); or

(vi) The Issuer enters into any dissolution or winding up of itself, or any amalgamation, consolidation, merger or restructuring the result of which would diminish the share capital of the Issuer.

(xviii) Shareholder/ Shareholding Event Redemption : If at any time a Shareholder/Shareholding Event has occurred and is continuing, the Issuer may, at its option and subject to item 2(v)(ix) above, redeem the Perpetual Notes (in whole, but not in part) at the outstanding nominal value, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption by giving written notice with such notice period as may be determined by the Issuer (which notice shall be irrevocable) to the Trustee (for and on behalf of the Noteholders).

Should the Issuer decide not to exercise its right of redemption under the Shareholder/Shareholding Event Redemption, the Distribution Rate will be increased to the Maximum Rate as the case may be with immediate effect.

(xix) Voting Rights The Noteholder(s) shall have no voting rights in the Issuer.

(xx) Form and Denomination : The Perpetual Notes shall be issued in accordance with MyClear Procedures and Rules as applicable from time to time.

The Perpetual Notes shall be represented by a global certificate (exchangeable for definitive certificates on the occurrence of certain limited events) and/or any other procedures or guidelines issued by the relevant authorities. The global certificate shall be deposited with BNM.

Denomination

The denomination of the Perpetual Notes will be issued at RM1.0 million or in multiples of RM1.0 million thereof or such other denominations to be mutually agreed by the Issuer and the PA/LA as may be allowed by MyClear/BNM at the time of issuance.

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- (xxi) **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 in which event the Issuer shall not be required to make such additional amount or to ensure that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
- (xxii) **Transaction Documents** : The Transaction Documents shall include the following:
- (a) the Perpetual Private Debt Securities Programme Agreement;
 - (b) the Trust Deed;
 - (c) the Subscription Agreement(s);
 - (d) Securities Lodgment Form for Central Securities Depository and Paying Agency Services; and
 - (e) such other agreements as may be advised by the Transaction solicitor and/or the PA/LA.
- (xxiii) **Legal Fees, Stamp Duty and Other Expenses** : All costs and expenses including but not limited to legal and other professional fees, stamp duty (if any), out-of-pocket expenses, fees for the Central Depository and Paying Agent, Trustee, Facility Agent, SC and other regulatory fees (if any), and other costs and expenses, shall be for the account of the Issuer and on a full indemnity basis.
- (xxiv) **Governing Laws** : The Perpetual Notes and Transaction Documents shall be governed by the laws of Malaysia and be subject to the exclusive jurisdiction of the courts of Malaysia.
- (xxv) **Other Conditions** : The Perpetual Notes shall at all times be subject to such guidelines, rules and directives to be issued from time to time by the SC and/or BNM having jurisdiction over matters pertaining to the Perpetual Notes.