

A multi-currency perpetual notes programme for the issuance of senior notes (“Senior Notes”), Basel III-compliant Tier 2 subordinated notes (“Sub-Notes”) and Basel III-compliant Additional Tier 1 capital securities (“Capital Securities”) of up to RM25.0 billion (or its equivalent in other currencies) in nominal value thereunder (“Notes Programme”).

Principal Terms and Conditions

(A) CORPORATE INFORMATION OF ISSUER

- (1) Name : Hong Leong Financial Group Berhad (“HLFG” or “Issuer”)
- (2) Address : Level 8, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur
- (3) Date of incorporation : 06-Sep-1968
- (4) Place of incorporation : Malaysia
- (5) Business registration number : 8024-W
- (6) Residence status : Resident Controlled Company

(7) Place and date of listing :

No.	Place of listing	Date of listing
1	Bursa Malaysia	27 Nov 1969

- (8) Principal activities : HLFG is principally engaged in investment holding and provision of services to its subsidiaries to enhance group value.
- (9) Authorised, issued and paid-up share capital : As at 30 September 2017, the capital of the Issuer is RM2,267,008,045* comprising 1,147,516,890 ordinary shares.

Note:

**Inclusive of existing share premium of RM1,119,491,155 pursuant to Section 618(2) of the Companies Act, 2016*

- (10) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : As at 30 September 2017, the substantial shareholders of the Issuer are as follows:

Name	No. of Shares			
	Direct	%	Indirect	%
Hong Leong Company (Malaysia) berhad (“HLCM”)	595,982,955	51.94	291,121,141	25.37*
Tan Sri Quek Leng Chan	5,438,664	0.47	893,706,226	77.88 [#]
HL Holdings Sdn Bhd	-	-	887,104,096	77.31 [@]
Kwek	-	-	891,834,602	77.72 [#]

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Holdings Pte Ltd				
Kwek Leng Beng	1,315,841	0.11	891,834,602	77.72 [#]
Hong Realty (Private) Limited	-	-	891,834,602	77.72 [#]
Hong Leong Investment Holdings Pte Ltd	-	-	891,834,602	77.72 [#]
Davos Investment Holdings Private Limited	-	-	891,834,602	77.72 [#]
Kwek Leng Kee	-	-	891,834,602	77.72 [#]
Guoco Assets Sdn Bhd	291,117,141	25.37	-	-
GuoLine Overseas Limited	-	-	291,117,141	25.37 [^]
Guoco Group Limited	-	-	291,117,141	25.37 [^]
GuoLine Capital Assets Limited	-	-	291,117,141	25.37 [^]

Notes:

* Held through subsidiary(ies).

Held through HLCM and company(ies) in which the substantial shareholder has interest.

@ Held through HLCM.

^ Held through Guoco Assets Sdn Bhd.

(11) Board of directors : 1. Tan Sri Quek Leng Chan
2. Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman

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3. Tan Kong Khoon
4. Lim Tau Kien (f)
5. Saw Kok Wei
6. Lim Lean See (f)

(B) PARTIES TO THE TRANSACTION

(1) Origination

No.	Roles	Name of parties
1	Issuer	Hong Leong Financial Group Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Lead Arranger	Hong Leong Investment Bank Berhad
4	Solicitors	Adnan Sundra & Low
5	Bond Trustee	Malaysian Trustees Berhad
6	Other-Accounting Adviser	PricewaterhouseCoopers
7	Credit Agency Rating	RAM Rating Services Berhad (“RAM”) (for Ringgit- denominated Notes issued in Malaysia)

(2) At point of distribution

No.	Roles	Name of parties
1	Issuer	Hong Leong Financial Group Berhad
2	Lead Manager	Hong Leong Investment Bank Berhad and/or such other financial institution(s) as may be appointed and mutually agreed between the Issuer, the Lead Arranger and the Lead Manager prior to the issuance of the Notes
3	Facility Agent	Hong Leong Investment Bank Berhad (for Notes issued in Malaysia)
4	Central Depository	BNM (for Notes issued in Malaysia)
5	Paying Agent	BNM (for Notes issued in Malaysia)
6	Primary Subscriber	To be determined, if applicable, prior to the issuance of the Notes

(3) After distribution

No.	Roles	Name of parties
1	Issuer	Hong Leong Financial Group Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Facility Agent	Hong Leong Investment Bank Berhad (for Notes issued in Malaysia)
4	Bond Trustee	Malaysian Trustees Berhad

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5	Central Depository	BNM (for Notes issued in Malaysia)
6	Paying Agent	BNM (for Notes issued in Malaysia)
7	Credit Rating Agency	RAM (for Ringgit- denominated Notes issued in Malaysia)

(C) DETAILS OF FACILITY/PROGRAMME

- (1) Name of facility : A multi-currency perpetual notes programme for the issuance of senior notes (“Senior Notes”), Basel III-compliant Tier 2 subordinated notes (“Sub-Notes”) and Basel III-compliant Additional Tier 1 capital securities (“Capital Securities”) of up to RM25.0 billion (or its equivalent in other currencies) in nominal value thereunder (“Notes Programme”).
- (2) One-time issue or programme : Programme
- (3) Shariah principles (for sukuk) : Not applicable
- (4) Facility description : Notes Programme pursuant to which the Issuer may from time to time issue Senior Notes, Sub-Notes and/or Capital Securities where the aggregate outstanding nominal value of the Notes (as defined below) shall not exceed RM25.0 billion (or its equivalent in other currencies) at any point in time, subject to the Master Limit (as defined in the paragraph entitled “Expected facility/ programme size”).
- The Sub-Notes are intended to qualify as Tier 2 capital for the Issuer pursuant to the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (“**BNM**”) on 4 August 2017 and as updated from time to time (“**New CA Framework**”).
- The Capital Securities are intended to qualify as Additional Tier 1 capital for the Issuer pursuant to the New CA Framework.
- Collectively, Senior Notes, Sub-Notes and Capital Securities shall be referred to as “**Notes**” and the holders of the Senior Notes, Sub-Notes and Capital Securities, are collectively referred to as “**Noteholders**”.
- (5) Currency : Multi-currency including Ringgit
- (6) Expected facility/ programme size : Upto MYR25,000,000,000.00
- (7) Option to upsize (for programme) : Yes
- (8) Tenure of facility/ programme : Perpetual
- (9) Availability period for debt/ sukuk programme : The Notes Programme shall be available for utilisation for a period of thirty (30) years from the date of the first issuance of the Notes under the Notes Programme.
- The first issuance of the Notes shall be within sixty (60) business days from the date of lodgement of the Lodgement Kit with the SC.
- (10) Clearing and settlement platform : • PayNet

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- (11) Mode of issue :
 - Bought deal
 - Book running
 - Private placement
 - Other-Each tranche of Notes may be issued via private placement on a best efforts basis, or on a bought deal basis, or book running on a best efforts basis, without prospectus. Issuance of the Notes shall be in accordance with the: (i) the Participation and Operation Rules for Payment Securities Services (“PayNet Rules”) issued by PayNet; and (ii) the Operational Procedures for Securities Services issued by PayNet (“PayNet Procedures”), as amended or substituted from time to time (collectively, “PayNet Rules and Procedures”), subject to such variation, amendments or exemptions (if any) from time to time.
- (12) Selling restrictions :
 - Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
 - Part 1 of Schedule 7 of the CMSA
 - Read together with Schedule 9 of CMSA
 - Other-The Notes are tradable and transferable subject to the Selling Restrictions (as described below). (a) Selling Restrictions at issuance The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Notes and to whom the Notes are issued would fall within: (i) Part I of Schedule 6 (or Section 229(1)(b)) and Part I of Schedule 7 (or Section 230(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time. (b) Selling Restrictions after issuance The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase of the Notes and to whom the Notes are issued would fall within: (i) Part I of Schedule 6 (or Section 229(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) of the CMSA as amended from time to time. In addition to the above, the Notes denominated in foreign currency may only be offered, sold, transferred or otherwise disposed directly or indirectly to a Resident (as defined under the Financial Services Act 2013).
- (13) Tradability and transferability :
 - Tradable & transferable
- (14) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS/sukuk, and whether or not obtained : The Issuer has on 15 September 2017 obtained approval from BNM to establish the Notes Programme.
- (15) Details of security/ collateral pledged : Unsecured
- (16) Details of guarantee : Not guaranteed
- (17) Convertibility of Issuance : Non-convertible
- (18) Exchangeability of Issuance : Non-exchangeable
- (19) Call option : **Senior Notes**
An issuance of a tranche of the Senior Notes may have a call option (“**Call Option**”) if so determined by the Issuer prior to the issuance of such tranche of the Senior Notes. Pursuant to the Call Option, the Issuer shall have the option to redeem the Senior Notes (in whole or in part) on the

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relevant Call Date (as defined below) at the Call Option Amount (as defined below).

“**Call Date**” means, in relation to a tranche of the Senior Notes where a Call Option is applicable, the date on which such Call Option is exercisable, which shall be determined prior to the issuance of such tranche of the Senior Notes.

“**Call Option Amount**” means the amount payable by the Issuer pursuant to the exercise of a Call Option, which shall be determined prior to each issuance of the Senior Notes with a Call Option.

Sub-Notes and the Capital Securities

Subject to the approval from BNM and the Redemption Conditions (as defined below) being satisfied, the Issuer may exercise its option to redeem the Sub-Notes and Capital Securities pursuant to Optional Redemption, Regulatory Redemption and Tax Redemption (as defined below).

(a) Optional Redemption

The Issuer may, at its option and subject to the Redemption Conditions being satisfied, redeem the Sub-Notes and/or Capital Securities (in whole or in part) at the Redemption Amount (as defined below) on any Optional Redemption Date (as defined below).

(b) Tax Redemption

If there is more than an insubstantial risk that:

(i) the Issuer has or will become obliged to pay Additional Amounts (as defined in the paragraph entitled “Other terms and conditions – Withholding Taxes” or any taxes other than the Additional Amounts (if any), in relation to the Sub-Notes and/or Capital Securities; or

(ii) the Issuer is not able to obtain tax deductions under Malaysian corporation tax for coupon payment (for Sub-Notes) or distribution payment (for Capital Securities) made in respect of the Sub-Notes and/or Capital Securities, and the Issuer cannot, by taking reasonable measures available to it, avoid such additional obligations,

then the Issuer may, at its option, redeem the respective Sub-Notes or Capital Securities, in whole or in part, at the Redemption Amount, subject to the Redemption Conditions being satisfied.

(c) Regulatory Redemption

If any tranche of the Sub-Notes and/or Capital Securities (in whole or in part) no longer, either immediately or with the passage of time or upon either the giving of notice or the fulfilment of a condition, qualify as Tier 2 capital (for Sub-Notes) or Additional Tier 1 capital (for Capital Securities) of the Issuer, for the purposes of BNM’s capital adequacy requirements or any regulations applicable to the Issuer, then the Issuer may, at its option, and subject to the Redemption Conditions being met, redeem the respective Sub-Notes or Capital Securities, in whole or in part, at the Redemption Amount.

In this paragraph, the following definitions have the following meanings:

“**Redemption Amount**” means in the case of an Optional Redemption, a Tax Redemption or a Regulatory Redemption:

(i) For Sub-Notes, an amount equal to 100% of the nominal value of the Sub-Notes together with accrued but unpaid coupon (if any) up to (and excluding) the date on which the Sub-Notes are redeemed; or

(ii) For Capital Securities, an amount equal to 100% of the nominal value of the Capital Securities together with accrued but unpaid and uncanceled Periodic Distribution (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon or equivalent rate (%)”) (if any) and subject to the provisions contained in the paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution” up to (and excluding) the date on which the Capital

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Securities are redeemed.

“**Redemption Conditions**” means:

(i) the Issuer is solvent at the time of redemption of a tranche of Sub-Notes and/or Capital Securities or part thereof and immediately thereafter;

(ii) the Issuer:

(a) shall replace that tranche of Sub-Notes and/or Capital Securities or part thereof to be redeemed with capital of the same or better quality and the replacement of such capital is done at conditions which are sustainable for the income capacity of the Issuer; or

(b) demonstrates to BNM that its capital position is and can be sustained well above the minimum capital adequacy and capital buffer requirements as imposed by BNM after the redemption; and

(iii) the Issuer has obtained the written approval of BNM prior to redemption of that tranche of Sub-Notes and/or Capital Securities or part thereof.

“**Optional Redemption Date**” means a date to be determined prior to issuance. In the case of a tranche of Sub-Notes and/or Capital Securities under the Notes Programme, a date falling no earlier than the fifth (5th) anniversary of the relevant issue date, and any Periodic Coupon Payment Date (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon payment frequency and basis”) or Distribution Payment Date (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon payment frequency and basis”) thereafter (as the case may be).

(20) Put option : No put option

(21) Details of covenants : a. **Positive covenants**
Senior Notes

The covenants which shall include (but are not limited to) the following and those required to comply with the SC’s Trust Deeds Guidelines (revised on 12 July 2011, effective on 12 August 2011 and as amended from time to time) (“**Trust Deeds Guidelines**”):-

(a) Exercise reasonable diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;

(b) At all times, 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 of the Transaction Documents;

(c) Promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Senior Notes on the relevant maturity date(s) or any other date on which the Senior Notes are due and payable) and ensure that it shall immediately notify the Bond Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;

(d) Maintain a paying agent based in Malaysia;

(e) Maintain proper books and accounts and deliver financial statements to the Bond Trustee on a timely manner;

(f) Ensure that there are no amendments to the Constitution of the Issuer in the manner that is inconsistent with the rights and obligations of the Issuer under the Transaction Documents, if applicable;

(g) Conduct its business and affairs with reasonable diligence and in a proper and efficient manner in accordance with sound financial and commercial standards and practices and in accordance with its constitutional documents;

(h) Undertake to maintain all necessary insurances required in respect of its assets and businesses against such risks as is usual industry practice for companies carrying on the same or

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substantially similar business;

(i) At all times be the single largest (direct or indirect) shareholder of Hong Leong Bank Berhad (“HLB”);

(j) In addition to and without prejudice to the other provisions, limited so far as required by CMSA and/or so far as directed by the SC, it will comply with the provisions of the CMSA and/or the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and/or the directives, written notices, circulars or guidelines issued by the SC from time to time; and

(k) Any other positive covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

Sub-Notes and Capital Securities

The covenants which shall include (but are not limited to) the following and those required to comply with the Trust Deeds Guidelines:-

(a) Exercise reasonable diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;

(b) Maintain a paying agent based in Malaysia;

(c) Maintain proper books and accounts and deliver financial statements to the Bond Trustee on a timely manner;

(d) Ensure that the Sub-Notes and Capital Securities shall at all times be governed by the guidelines issued and to be issued from time to time by BNM;

(e) Ensure that there are no amendments to the Constitution of the Issuer in the manner that is inconsistent with the rights and obligations of the Issuer under the Transaction Documents, if applicable; and

(f) Any other positive covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

b. **Negative covenants**

Senior Notes

The covenants which shall include (but are not limited to) the following and those required to comply with the Trust Deeds Guidelines, wherein the Issuer shall not without the prior written consent of the holders of the Senior Notes (“**Senior Noteholders**”):-

(a) Grant guarantees, indemnities or similar assurances against financial loss in respect of any indebtedness of any affiliate or third party other than such guarantees, indemnities or similar assurances granted in the ordinary course of the Issuer’s business and/or such guarantees, indemnities or similar assurances granted in respect of any indebtedness of any of the Issuer’s related companies;

(b) Obtain or permit to exist any loans or advances from its shareholders or associated companies unless these loans and advances are subordinated to the Master Programme;

(c) Enter into any amalgamation, de-merger, reconstruction or winding up of itself or any of its subsidiaries, which has a Material Adverse Effect (as defined in the paragraph entitled “Events of default or enforcement events, where applicable, including recourse available to investors”);

(d) Cancel, surrender, abandon or otherwise change in a material manner the nature or scope of its existing business in any way which has a Material Adverse Effect;

(e) Decrease its issued and paid-up share capital by reduction of capital or cancellation of capital or redeem any share capital or otherwise save and except for any redemption of redeemable preference shares and share buyback scheme permitted under any applicable laws. For avoidance of doubt, share buyback which are held as treasury shares for employees share scheme shall not be deemed as reduction in paid-up share capital;

(f) Release, surrender, reduce, waive, amend or vary the amount of any material indebtedness owed to it the consequence of which will have a Material Adverse Effect;

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(g) Declare or pay any dividends, make any distribution (whether income or capital in nature) or payments in relation to principal, interest or otherwise on shareholders’ loans or advances to its shareholders unless all the following criteria has been met:-

(i) no Event of Default (as defined in the paragraph entitled “Events of defaults or enforcement events, where applicable, including recourse available to investors”) or potential Event of Default has occurred and is continuing or would occur if such payment is made; and

(ii) the Issuer is not or will not be in breach of any provisions of the Transaction Documents if such payment is made;

(h) Change or threaten to change the nature or scope of its business save and except for such change of its nature or scope of business arising from a corporate reorganization exercise involving itself and its wholly owned subsidiary companies which would not have a Material Adverse Effect on its consolidated financial position;

(i) Create, incur, assume, suffer or permit to exist or attempt to create, incur, assume or suffer, any security interest to arise on, subsist or affect, all or any part of its present or future rights, title, benefits and interest in all present and future HLB ordinary shares held by the Issuer (“HLB Shares”) at any point in time (including any income derived from the said HLB Shares) unless the Issuer holds more than 50% of the ordinary share capital of HLB, in which case, the Issuer may create, incur, assume suffer or permit to exist or attempt to create, incur, assume or suffer, any security interest to arise on, subsist or affect, all or any part of its present or future rights, title, benefits and interest in all present and future, HLB Shares which are in excess of an aggregate amount of HLB Shares which comprises of 50% of the ordinary share capital of HLB and one (1) ordinary share in HLB;

(j) Dispose of any assets in excess of an aggregate value equivalent to 25% of the Issuer’s net assets, based on the latest annual audited financial statements, in any financial year, unless (1) the asset disposal is solely for the purpose of facilitating any Shariah concepts used in Islamic financing facilities granted to the Issuer; (2) it does not result in a downgrade or negative rating watch of the rating of the Senior Notes based on the rating immediately prior to the date of announcement of such asset disposal; and (3) the Issuer is not or will not be in breach of any provisions of the Transaction Documents as a result of such asset disposal. For the avoidance of doubt, any transfer of assets between the Issuer and its subsidiaries, or transfer of assets amongst the subsidiaries, as part of a corporate exercise shall not be deemed as a disposal; and

(k) Any other negative covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

Sub-Notes and Capital Securities

No negative covenants.

c. **Financial covenants**

No financial covenant

d. **Information covenants**

Senior Notes, Sub-Notes and Capital Securities

The covenants which shall include (but are not limited to) the following and those required to comply with the Trust Deeds Guidelines:-

(a) The Issuer shall deliver to the Bond Trustee:

(i) 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 year), copies of its consolidated financial statements for that year, which shall contain the balance sheet, income statement and cashflow statement of the Issuer and which are audited and certified by a firm of independent certified public accountants of international repute;

(ii) as soon as they become available (and in any event within 90 days after the end of the first half of its financial year), copies of its consolidated unaudited half-yearly financial statements which shall contain the balance sheet, profit and loss statement and cashflow

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statement, which are duly certified by any one of its directors;

(iii) any other accounts, report, notice, statement, circular or other documents issued by the Issuer to its shareholders;

(iv) to the extent permitted by applicable laws such additional financial or other information relating to the Issuer’s business and its operations, shareholders or creditors as the Bond Trustee may from time to time reasonably request;

(v) deliver to the Bond Trustee and the Facility Agent, any information which the Bond Trustee or the Facility Agent may require in order to discharge its duties and obligations as trustee or facility agent (as the case may be) to the extent permitted by law;

(vi) at least on an annual basis together with its annual audited accounts, a certificate signed by a director confirming that:

(A) it has observed, performed and complied with all its covenants, representations, warranties and obligations under the Transaction Documents; and

(B) no Event of Default has occurred since the date of first issue of the Senior Notes or the date of the last certificate (as the case may be) or if an Event of Default has occurred or did exist since the date stipulated above, the Issuer shall provide the details of such Event of Default and the steps taken by the Issuer to rectify the Event of Default;

Any such accounts, reports, notices, statements or circulars delivered to the Bond Trustee in accordance with this clause may be circulated by the Bond Trustee at its discretion to the Noteholders as well as the Credit Rating Agency;

(b) promptly notify the Bond Trustee in the event the Issuer becomes aware of:

(i) the occurrence of any Event of Default or such other right or remedy under the terms, provisions or covenants of the Transaction Documents have become immediately enforceable and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Bond Trustee to remedy and/or mitigate the effect of the Event of Default;

(ii) any circumstances that has occurred that would materially prejudice the Issuer;

(iii) any substantial change in the nature of the business of the Issuer;

(iv) any change in the withholding tax position or taxing jurisdiction of the Issuer;

(v) any change in the utilisation of proceeds from the Notes Programme; or

(vi) any matter that may materially prejudice the interest of the Noteholders;

(c) deliver to the Credit Rating Agency all such reports and/or information as may be required by the Credit Rating Agency in respect of the Notes;

(d) promptly notify the Bond Trustee in the event of:

(i) any change in the person or signatories of the Issuer who are authorised to act for and on behalf of the Issuer in respect of the Transaction Documents;

(ii) the Issuer ceases to be the single largest (direct or indirect) shareholder in HLB;

(iii) any event of default in relation to other indebtedness of the Issuer or any occurrence that in its reasonable opinion might adversely affect its ability to perform and fully comply with its obligations under the Transaction Documents;

(iv) any circumstance that has occurred that would prejudice the Trust Deed 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 will have a Material Adverse Effect; and

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(v) any event or circumstances which will have a Material Adverse Effect or which may materially and/or adversely impact the operating performance of the Issuer; and

(e) Any other information covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

(22) Details of designated account(s) : No designated account

(23) Name of credit rating agency and credit rating :

No.	Credit Rating Agency	Credit rating	Final/ Indicative rating	Partial	Amount rated
1	RAM Rating Services Bhd (RAM)	AA1	Final rating	No	MYR 25,000,000,000.00
2	RAM Rating Services Bhd (RAM)	AA2	Final rating	No	MYR 25,000,000,000.00
3	RAM Rating Services Bhd (RAM)	A1	Final rating	No	MYR 25,000,000,000.00

(24) Conditions precedent : To include but not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger):

- (a) A legal opinion from the Solicitors addressed to the Lead Arranger advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents;
- (b) A written confirmation from the Solicitors addressed to the Lead Arranger that all the conditions precedent have been fulfilled or waived as the case may be and where required, all the necessary Transaction Documents have been presented for registration with the relevant registries;
- (c) Certified copies of the following
 - (i) the certificate of incorporation, memorandum and articles of association or constitution (if any), latest Forms 24, 44 and 49 (or any equivalent forms as prescribed under the Companies Act 2016) and any other constitutive documents of the Issuer; and
 - (ii) the resolution(s) of the Board of Directors of the Issuer authorising issuance of the Notes, the execution of documents relating to the Notes and the entry into and performance of the transactions contemplated thereby;
- (d) The requirements relating to the lodgement of the documents and information relating to the Notes in accordance with Section A and Part 3 (Corporate Bonds and Sukuk) of Section B of the Lodge and Launch Framework issued by the SC have been complied with;
- (e) The Transaction Documents have been signed and, where applicable, stamped (unless otherwise exempted) and presented for registration;
- (f) The approval from BNM to establish the Notes Programme;
- (g) The Issuer has obtained a minimum long term rating of AA1 for the Senior Notes from RAM;
- (h) The Issuer has obtained a minimum long term rating of AA2 for the Sub-Notes from RAM;
- (i) The Issuer has obtained a minimum long term rating of A1 for the Capital Securities from RAM;
- (j) Should a rating by international rating agency(ies) for the non-RM denominated Notes be required by the investor(s), receipt of such rating(s) acceptable to the Lead Manager;
- (k) A report of the relevant company search of the Issuer;

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(l) A report of the relevant winding up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the Lead Arranger) 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;

(m) Evidence that each of the Trustees’ Reimbursement Account has been opened and that a sum of Ringgit Thirty Thousand (RM30,000.00) will be deposited into it from the issuance proceeds of the Notes upon first issuance;

(n) Legal due diligence report on the Issuer satisfactory to the Lead Arranger; and

(o) Such other conditions precedent as may be advised by the Solicitors to the Lead Arranger.

(25) Representations and warranties : Representation and warranties will include such representation and warranties customary and standard for a facility of this nature and shall include, but not limited to the following:

(a) The Issuer is duly incorporated, validly in existence and has the power and authority to carry out its business;

(b) The Issuer has the power to enter into the Transaction Documents and exercise its rights and to perform its obligations under the Transaction Documents;

(c) Entry into and the exercise of the Issuer’s rights and obligations under the Transaction Documents do not violate any existing law or regulation;

(d) The Transaction Documents create valid, binding and enforceable obligations on the part of the Issuer;

(e) All necessary actions, authorisations and consents required under the Transaction Documents and the Notes have been obtained and remain in full force and effect;

(f) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent a true and fair view;

(g) Save as disclosed in the Information Memorandum, there is no litigation which would have a material adverse effect on the Issuer’s ability to perform its obligations under the Transaction Documents; and

(h) Such other representation and warranties as may be advised by the Solicitors.

(26) Events of defaults or enforcement events, where applicable, including recourse available to investors : Events of defaults applicable to Senior Notes

The events of default (each an “**Event of Default**”) which shall include (but are not limited) to the following and those required to comply with the Trust Deeds Guidelines:-

a) The Issuer fails to pay any amount due from it under the Senior Notes and the Transaction Documents and the Issuer does not remedy such default within a period of seven (7) business days;

b) There is a breach by the Issuer of any term or condition of the Senior Notes or provision of the Transaction Documents (other than item a) above) and in the case of a breach capable of being remedied, the Issuer has not remedied the said breach within sixty (60) days after the Issuer has become aware or has been notified of the breach;

c) The Issuer makes or enters into a general assignment or arrangement or composition with or for the benefit of its creditors, or a moratorium is declared on any of its indebtedness (whether pursuant to section 366 of the Companies Act 2016 (“**Act**”) or otherwise), or any creditors’ scheme of arrangement under section 366 of the Act is instituted against the Issuer;

d) The Issuer is wound up, or is declared insolvent or consents to the appointment of a custodian or a receiver over the whole or a substantial part of the assets of the Issuer;

e) Any other indebtedness for borrowed moneys of the Issuer 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 on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within sixty (60) days from

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the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;

f) Any step is taken for the winding up, dissolution or liquidation 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 sixty (60) days from the date of service of such winding up petition;

g) All or a substantial portion 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 will have a Material Adverse Effect (as defined below);

h) There is a revocation, withholding or modification of a license, authorisation or approval that would materially and adversely impair or prejudice the Issuer’s ability to comply with the terms and conditions of the Senior Notes and/or the Transaction Documents;

i) Any representation or warranty which is made (or acknowledged in writing to have been 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 Senior Notes and/or any of the Transaction Documents 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, or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be accurate in all material respects and has a Material Adverse Effect on the Notes Programme;

j) A distress, execution, sequestration or other process is levied or enforced upon or sued out against any of the undertakings, assets, rights or revenues of the Issuer and is not discharged or disputed in good faith in a court of competent jurisdiction within thirty (30) days after being levied, enforced or sued out and Provided That such distress, execution, sequestration or other process has or will have a Material Adverse Effect on the Issuer; and

k) Such other events of default as may be advised by the Solicitors.

Upon the occurrence of an Event of Default, and the Event of Default being capable of remedy, is not remedied within the relevant remedy period specifically provided, or if not provided, within thirty (30) days of receipt of notice to do so from the Facility Agent and/or the Bond Trustee, the Bond Trustee may or shall (if directed to do so by a special resolution of the Senior Noteholders) declare the Senior Notes immediately due and payable, whereby no further issuance of Senior Notes may be made under the Notes Programme and the whole of the principal sums of the Senior Notes outstanding together with all other sums payable under the Senior Notes shall become immediately due and payable.

“**Material Adverse Effect**” means, in relation to the Issuer, any material adverse effect on the financial condition 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.

Enforcement events applicable to the Sub-Notes and Capital Securities.

There are no events of default under the Sub-Notes and Capital Securities. The “**Enforcement Event**” means the occurrence of any of the following:-

(i) a default is made in payment of any principal amount or any periodic payment on the due date and the Issuer does not remedy such default within a period of seven (7) business days; or

(ii) an order is made for the winding up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for winding up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation, the terms of which have been approved by the holders of the Sub-Notes and/or Capital Securities (as the case may be) by way of special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed, the Bond Trustee may or shall (if so directed by a special resolution of the relevant holders of the Sub-Notes or Capital Securities (as the case may be)) institute proceedings to enforce the obligations of the Issuer for payment due under the relevant Sub-Notes or Capital Securities (as the case may be)

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and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Bond Trustee nor any of the holders of the Sub-Notes or Capital Securities (as the case may be) shall have the right to accelerate payment of the relevant Sub-Notes or Capital Securities (as the case may be) in the case of a default in the payment of any amount owing under the relevant Sub-Notes or Capital Securities (as the case may be) or any non-performance of any condition, provision or performance of any covenant under the Trust Deed.

Upon occurrence of item (ii) above, subject to the terms of the Trust Deed, the Bond Trustee may or shall (if directed to do so by a special resolution of the holders of the Sub-Notes or Capital Securities (as the case may be)), by notice in writing to the Issuer, declare that notwithstanding the maturity date of the Sub-Notes or Capital Securities (as the case may be), all outstanding amounts due from the Issuer on the Sub-Notes or Capital Securities (as the case may be) shall become due and immediately payable.

For the avoidance of doubt, the occurrence of item (i) above for any tranches of the Sub-Notes or Capital Securities (as the case may be) will not trigger an Enforcement Event for other tranches of the Sub-Notes or Capital Securities (as the case may be) outstanding. However, occurrence of item (ii) above will trigger an Enforcement Event for all tranches of the Sub-Notes or Capital Securities (as the case may be) outstanding.

In relation to the Capital Securities, for the avoidance of doubt, no Periodic Distribution shall be due and payable if such Periodic Distribution or part thereof has been (i) cancelled or is deemed cancelled (in each case, in whole or in part) under the paragraph entitled “Other terms and conditions – Limitation On Payment of Distribution” or (ii) deferred by the Issuer pursuant to the provision on the “Circumstances for Cumulative Distribution” under the paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution”.

(27) Governing laws : For Notes issued in Malaysia
The Notes will be governed by, and shall be construed in accordance with the laws of Malaysia.
For Notes issued outside Malaysia
The laws of such jurisdiction as shall be agreed upon by the Issuer and the Lead Manager.

(28) Provisions on buy-back : **Senior Notes**
The Issuer or any of its subsidiaries or agents of the Issuer may at any time purchase the Senior Notes or part thereof at any price in the open market or by private treaty. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Senior Notes equally. The Senior Notes purchased by the Issuer or its subsidiaries or agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

Sub-Notes and Capital Securities

Subject to the prior approval of BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Issuer or any of its subsidiaries or agents of the Issuer may at any time purchase the Sub-Notes and/or the Capital Securities or part thereof at any price in the open market or by private treaty provided no Non-Viability Event (as defined in the paragraph entitled “Other terms and conditions” – “Non Viability Loss Absorption”) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to (i) in the case of the Sub-Notes, all holders of Sub-Notes equally and (ii) in the case of the Capital Securities, all holders of Capital Securities equally. The Sub-Notes and/or the Capital Securities purchased by the Issuer or its subsidiaries or agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

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

A multi-currency perpetual notes programme for the issuance of senior notes (“Senior Notes”), Basel III-compliant Tier 2 subordinated notes (“Sub-Notes”) and Basel III-compliant Additional Tier 1 capital securities (“Capital Securities”) of up to RM25.0 billion (or its equivalent in other currencies) in nominal value thereunder (“Notes Programme”).

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- (29) Provisions on early redemption : Please refer to the paragraph entitled “Call option and details, if applicable”.
- (30) Voting : Voting by the Noteholders shall be carried out on a "per tranche" basis and not on a collective basis.
The Noteholders shall have no voting rights in any way whatsoever that are of an equivalent nature to those of the shareholders of the Issuer.
- (31) Permitted investments : No permitted investments
- (32) Ta'widh (for sukuk) : Not applicable
- (33) Ibra' (for sukuk) : Not applicable
- (34) Kafalah (for sukuk) : Not applicable

PRICING SUPPLEMENT



HONG LEONG FINANCIAL GROUP BERHAD

(Company No. 8024-W)

**BASEL III-COMPLIANT TIER 2 SUBORDINATED NOTES (“SUB-NOTES”)
UNDER A MULTI-CURRENCY PERPETUAL NOTES PROGRAMME OF
RINGGIT TWENTY FIVE BILLION (RM25,000,000,000.00) (OR ITS EQUIVALENT
IN OTHER CURRENCIES) IN NOMINAL VALUE**

Tranche No. 2

Issue of RM1,100,000,000.00
Nominal Amount of Sub-Notes

Principal Adviser, Lead Arranger and Lead Manager



**Hong Leong Investment Bank Berhad
(Company No.10209-W)**

The date of this Pricing Supplement is 24 May 2019

This document (the “**Pricing Supplement**”) is issued to give details of Tranche No. 2 of Basel III-compliant Tier 2 subordinated notes (“**Sub-Notes**”) under a multi-currency perpetual notes programme (the “**Notes Programme**”) of Ringgit Twenty Five Billion (RM25,000,000,000.00) (or its equivalent in other currencies) in nominal value (or a higher amount to be decided by the Issuer if the Issuer exercises the option to upsize the limit of the Notes Programme, subject to all applicable laws and regulations and in accordance with the terms of the Notes Programme Agreement) by **HONG LEONG FINANCIAL GROUP BERHAD** (Company No. 8024-W). For the avoidance of doubt, the aggregate outstanding nominal value of the senior notes, Basel III-compliant Additional Tier 1 capital securities and the Sub-Notes (when taken together with the aggregate outstanding nominal value of the commercial papers issued under the Issuer’s commercial papers programme of up to Ringgit Three Billion (RM3,000,000,000) in nominal value (“**CP Programme**”)) shall not exceed Ringgit Twenty Five Billion (RM25,000,000,000.00) (or its equivalent in other currencies) in nominal value (or a higher amount to be decided by the Issuer if the Issuer exercises the option to upsize the limit of the Notes Programme and/or the CP Programme, subject to all applicable laws and regulations and in accordance with the terms of the relevant programme agreement).

This Pricing Supplement is to be read in conjunction with the terms and conditions of the Sub-Notes (the “**Conditions**”) set out in the trust deed dated 20 November 2017 made between the Issuer and **MALAYSIAN TRUSTEES BERHAD** (Company No. 21666-V), which is made a part hereof as if set forth herein and all documents incorporated by reference therein (“**Trust Deed**”).

Full information on the Issuer and the offer of the Sub-Notes is only available on the basis of a combination of this Pricing Supplement and the information memorandum dated 2 November 2017 (“**Information Memorandum**”) (as may be supplemented from time to time). The Information Memorandum and the supplement(s) to the Information Memorandum (if any) are available for viewing upon request from the Issuer.

Unless otherwise defined in this Pricing Supplement, capitalised terms used herein have the same meaning as in the Conditions. In case of any conflict between the terms of the Pricing Supplement and/or the Conditions and/or the Information Memorandum, the terms set forth in this Pricing Supplement shall govern.

The establishment of the Notes Programme and the issuance of this tranche of Sub-Notes under the Notes Programme have been duly authorised by the Issuer by way of the resolutions of the Board of Directors passed on 25 January 2017 and 30 January 2019.

The Issuer hereby acknowledges that it has authorised the Principal Adviser/ Lead Arranger/ Lead Manager and/or its affiliates to circulate or distribute this Pricing Supplement on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Sub-Notes to prospective investors who fall within the ambit of the Selling Restrictions (as defined below) for the purpose of the sale of this tranche of Sub-Notes described herein pursuant to the Notes Programme and that no further evidence of authorisation is required.

The Sub-Notes are tradable and transferable subject to the following Selling Restrictions:

Selling Restrictions at issuance

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

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

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

Selling Restrictions after issuance

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

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

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

In addition to the above, the Sub-Notes denominated in foreign-currency may only be offered, sold, transferred or otherwise disposed directly or indirectly to a Resident (as defined under the Financial Services Act 2013).

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Sub-Notes or the distribution of this Sub-Notes in any jurisdiction where such action is required.

This Pricing Supplement is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Pricing Supplement who does not fall within the ambit of the Selling Restrictions must immediately notify the Principal Adviser/ Lead Arranger/ Lead Manager and return this Pricing Supplement to the Principal Adviser/ Lead Arranger/ Lead Manager or the Issuer.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law, equity,

including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Pricing Supplement or any part of it from the recipient shall be deemed to have agreed to abide by this confidentiality undertaking.

The recipient must return this Pricing Supplement and any other information in connection therewith to the Principal Adviser/ Lead Arranger/ Lead Manager promptly upon the Principal Adviser/ Lead Arranger/ Lead Manager's request.

THERE ARE RESTRICTIONS ON THE DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING OR SALE OF THE SUB-NOTES IN MALAYSIA. PERSONS INTO WHOSE POSSESSION THIS PRICING SUPPLEMENT COMES INTO ARE REQUIRED BY THE ISSUER, AND THE PRINCIPAL ADVISER/ LEAD ARRANGER/ LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTIONS.

Specific Final Terms

The following items under this heading "Specific Final Terms" are the particular terms which relate to the Sub-Notes to which this Pricing Supplement relate. In case of any conflict between such terms and the terms and conditions set forth in the Conditions and/or the Information Memorandum, the terms set forth in this Pricing Supplement shall govern.

1. Issuer:	HONG LEONG FINANCIAL GROUP BERHAD (Company No. 8024-W).
2. Tranche No.:	2.
3. Aggregate Nominal Value:	RM1,100,000,000.00.
4. Issue Price:	RM1,100,000,000.00.
5. Issue Date:	14 June 2019.
6. Tenure of the Sub-Notes to be issued:	Ten (10) years.
7. Maturity Date	14 June 2029.
8. Yield to maturity:	4.30% per annum.
9. First Optional Redemption Date:	14 June 2024.

10. Periodic Coupon Rate:	Fixed rate: 4.30% per annum.
11. Periodic Coupon Payment Period:	6 months.
12. Periodic Coupon payment basis:	Actual/365.
12. Principal Adviser/ Lead Arranger/ Lead Manager	HONG LEONG INVESTMENT BANK BERHAD (Company No. 10209-W).
13. Utilisation of proceeds:	To subscribe for the (i) Tier 2 subordinated notes of RM1,000,000,000.00 in nominal value to be issued by Hong Leong Bank Berhad (Company No. 97141-X), pursuant to its multi-currency subordinated notes programme of up to RM10.0 billion (or its equivalent in other currencies) in nominal value; and (ii) Tier 2 subordinated notes of RM100,000,000.00 to be issued by Hong Leong Investment Bank Berhad (Company No. 10209-W), pursuant to its multi-currency subordinated notes programme of 25 years of up to RM1,000,000,000.00 or its equivalent in other currencies in nominal value.
14. Rating:	The Sub-Notes have been rated AA2 by RAM Rating Services Berhad.
15. Other conditions:	Please refer to the Conditions for the other terms and conditions applicable to the Sub-Notes.

CONFLICT-OF-INTEREST SITUATIONS AND APPROPRIATE MITIGATING MEASURES

There may be a potential conflict-of-interest situation arising from the appointment of Hong Leong Investment Bank Berhad (“**HLIB**”) as the Principal Adviser, Lead Arranger and Lead Manager as well as the Facility Agent for the Notes Programme in view that both HLIB and the Issuer are part of the Hong Leong financial group.

Notwithstanding the above, the Issuer has considered the factors involved and believes the objectivity and independence of HLIB in carrying out its role as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent of the Notes Programme has been and/or will be maintained at all times for the following reasons:

- the conduct of HLIB is regulated by the Financial Services Act 2013, the CMSA and HLIB has in place its own internal controls and checks with regards to transactions involving its related corporations; and

- HLIB is a licensed investment bank and its appointment as the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent is in the ordinary course of its business. The appointments are governed by various mandate letters, agreements and/or documents which set out the rights, duties and obligations of HLIB acting in such capacities;

and in order to further mitigate or address any such potential conflict of interest, the following measures have been taken:

- the appointment of Adnan Sundra & Low as an external independent solicitor to conduct a legal due diligence review on the Issuer in relation to the establishment of the Notes Programme and the issuance of this tranche of Sub-Notes;
- the potential conflict of interest situation has been brought to the attention of the Board of Directors of the Issuer and hence the Board of Directors of the Issuer is fully aware of the same. The Board of Directors has acknowledged and confirmed that having considered the above situation, the Board of Directors of the Issuer is agreeable for HLIB to undertake the role of Principal Adviser, Lead Arranger and Lead Manager as well as the Facility Agent in relation to the issuance of this tranche of Sub-Notes and to proceed with the issuance of this tranche of Sub-Notes; and
- the potential conflict of interest situation will be disclosed by the Issuer to prospective subscribers.

To the best of the Issuer's knowledge, the Issuer is not aware of any circumstances that would give rise to a conflict-of-interest situation or a potential conflict-of-interest situation arising from the appointment of (i) Adnan Sundra & Low in its capacity as the solicitors acting for the Principal Adviser and Lead Arranger; (ii) Malaysian Trustees Berhad in its capacity as the trustee; and (iii) PricewaterhouseCoopers in its capacity as the accounting adviser, in relation to the Notes Programme.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprise the final terms required for the issue of the tranche of Sub-Notes described herein pursuant to the Notes Programme.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. The Issuer confirms that having made all enquiries as were reasonable, the information contained in this Pricing Supplement is in accordance with the facts and is not false, misleading or contain any material omission.

The Issuer confirms that where information has been sourced or extracted from third parties, the Issuer confirms that to the best of their knowledge and belief, and as far as they are able

to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of
HONG LEONG FINANCIAL GROUP BERHAD
(Company No. 8024-W)



By:

Duly authorised

CHEW SEONG AUN
GROUP CHIEF FINANCIAL OFFICER