

1. BACKGROUND INFORMATION ON THE ISSUER

- (i) **Name:** Sime Darby Berhad.
- (ii) **Address:** 19th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur, Wilayah Persekutuan.
- (iii) **Business Registration No.:** 752404-U.
- (iv) **Date / Place of Incorporation:** 7 November 2006 / Malaysia.
- (v) **Date of Listing:** 30 November 2007.
- (vi) **Status :**
- **Resident / Non-resident Controlled Company** Resident-controlled company.
 - **Bumiputera / Non-Bumiputera -Controlled Company** Bumiputera-controlled company.
- (vii) **Principal Activities:** Investment Holding.
- (viii) **Board of Directors (as at 31 July 2009):**
- | Name | Nationality |
|--|--------------------|
| Tun Musa Hitam | Malaysian |
| Tun Dato' Seri Ahmad Sarji Abdul Hamid | Malaysian |
| Dr Arifin Mohamad Siregar | Indonesian |
| Tan Sri Samsudin Osman | Malaysian |
| Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin | Malaysian |
| Tan Sri Datuk Dr Ahmad Tajuddin Ali | Malaysian |
| Datuk Seri Panglima Sheng Len Tao | Malaysian |
| Raja Tan Sri Dato' Seri Arshad Uda | Malaysian |
| Dato' Henry Sackville Barlow | British |
| Dato' Sri Mohamed Sulaiman | Malaysian |
| Dato' Dr Abdul Halim Ismail | Malaysian |
| Datin Paduka Zaitoon Dato' Othman | Malaysian |
| Dato' Seri Ahmad Zubair @ Ahmad Zubir Haji Murshid | Malaysian |

(ix) **Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders (as at 31 July 2009):**

As at 31 July 2009, the substantial shareholders of SDB based on the register of substantial shareholders are as follows:

Name	No. of ordinary shares held directly	No. of ordinary shares held indirectly	% of share capital
Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputera	2,186,221,689	-	36.38
Employees Provident Fund Board	800,961,953	77,610,971 [^]	14.62
Permodalan Nasional Berhad	896,430,209	-	14.92
Yayasan Pelaburan Bumiputra *	-	896,430,209	14.92

[^] via a number of portfolio managers.

* by virtue of Section 6A of the Companies Act, 1965 through its shareholding of 100% less 1 share in Permodalan Nasional Berhad.

(x) **Authorised Capital (as at 31 July 2009):**

The authorised capital of the Issuer as at 31 July 2009 is RM4,072,500,000.00 divided into:

- (a) 8,000,000,000 ordinary shares of RM0.50 each;
- (b) 7,000,000,000 series A redeemable convertible preference shares of RM0.01 each; and
- (c) 25,000,000 series B redeemable convertible preference shares of RM0.10 each.

Issued and Paid-up Capital (as at 31 July 2009):

The issued and paid-up capital of the Issuer as at 31 July 2009 is RM3,004,731,915.50 divided into 6,009,463,831 ordinary shares of RM0.50 each.

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2. PRINCIPAL TERMS AND CONDITIONS

(a) Name of parties involved in the proposed transaction (where applicable)

- | | |
|---|--|
| (i) Principal adviser(s) / Lead arranger(s) | Maybank Investment Bank Berhad (“ Maybank IB ”) (“ PA/LA ”) |
| (ii) Arranger(s) | Not applicable |
| (iii) Valuers | Not applicable |
| (iv) Solicitors | Messrs. Zaid Ibrahim & Co. (legal counsel to the PA/LA/Joint Lead Managers (as hereinafter defined))

Messrs Zul Rafique & partners (legal counsel to the Issuer) |
| (v) Financial adviser | Not applicable |
| (vi) Technical adviser | Not applicable |
| (vii) Guarantor | Not applicable |
| (viii) Trustee | Mayban Trustees Berhad |
| (ix) Facility Agent | Maybank IB |
| (x) Primary Subscriber(s) and amount subscribed (where applicable) | The primary subscribers will be determined prior to the issuance in the event of a bought-deal issue. |
| (xi) Underwriter(s) and amount underwritten | The Notes (as hereinafter defined) may be underwritten if the Issuer and the PA/LA mutually agree based on terms and conditions, including those relating to the underwritten rate and the participation and underwriting fees, to be agreed.

In the event underwriting (either partial or full) is required, the Notes shall be underwritten by a consortium of eligible financial institutions (“ Underwriters ”) to be arranged by the PA/LA on a best efforts basis. |
| (xii) Syariah adviser | Syariah Committee of Maybank Islamic Berhad |
| (xiii) Central depository | Bank Negara Malaysia (“ BNM ”) |
| (xiv) Paying agent | BNM |
| (xv) Reporting | Not applicable. |

accountant

**(xvi) Others
(please specify)**

Coordinating Bank

Maybank IB

Joint Lead Managers / Joint Bookrunners (“JLMs”)

Maybank IB, CIMB Investment Bank Berhad and Public Investment Bank Berhad.

Tender Panel Members (“TPMs”)

Financial institutions licensed under the Banking and Financial Institutions Act, 1989 (“**BAFIA**”) and/or Islamic Banking Act, 1983, insurance companies licensed under the Insurance Act, 1996 and/or Takaful Act, 1984, approved corporations and such other persons falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)) and Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act, 2007 (“**CMSA**”), as amended from time to time. The composition of the tender panel may be varied from time to time by the JLMs subject to agreement of the Issuer.

(b) Islamic principle used

Musyarakah

(c) Facility description

The Issuer intends to issue Islamic commercial papers (“**ICP**”) and Islamic medium term notes (“**IMTN**”, which together with the ICP shall hereinafter be referred to as the “**Notes**”) pursuant to:

- (a) an Islamic medium term note programme of RM4,500 million (“**IMTN Programme**”); and
- (b) an Islamic commercial paper (“**ICP**”) / Islamic medium term note programme of RM 500.0 million (“**ICP/IMTN Programme**”),

based on the Syariah principle of Musyarakah, the combined limit of the IMTN Programme and the ICP/IMTN Programme (collectively, the “**Islamic Programmes**”) shall not exceed RM4,500 million.

The Notes shall be issued under the Islamic principle of Musyarakah, which is one of the Syariah principles and concepts approved by the Securities Commission (“**SC**”)’s Syariah Advisory Council.

Underlying Transaction

In respect of each issue of the Notes, the investors, together with the Issuer, will from time to time, enter into a Musyarakah Agreement as partners (each a “**partner**” and collectively, “**Musyarakah Partners**”) for the purpose of undertaking a venture (“**Musyarakah Venture**”) to invest directly into the Syariah-compliant business of the Issuer (“**Business**”).

The Issuer will from time to time issue Notes to investors (“**Noteholders**”). Proceeds raised from the Notes shall be used as capital contribution of the Noteholders in the Musyarakah Venture. Each Note shall represent the Noteholder’s undivided proportionate interest in the Musyarakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust over all its interest in the Business for the benefit of itself and the Noteholders. The participation by the Noteholders in the Musyarakah Venture is via the subscription of Notes issued by the Issuer. Meanwhile, the Issuer, will from time to time, contributes its Business as capital contribution into the Musyarakah Venture.

The expected return to the Noteholders under the Musyarakah Venture shall be the yield for the Notes up to the maturity date of the Notes (“**Expected Return**”). Any profit derived from the Musyarakah Venture shall be distributed to each partner based on a pre-agreed profit sharing ratio which will be determined prior to the issuance of the Notes from time to time while losses shall be borne in proportion to each partner’s contribution to the Musyarakah Venture.

The Issuer shall be appointed as the manager (“**Manager**”) to manage the Musyarakah Venture. The Noteholders shall agree that any excess of profit from the Expected Return (in the case of Notes without periodic distribution) or Expected Periodic Distribution (in the case of Notes with periodic distribution) shall be retained by the Manager as an incentive fee.

In respect of Notes with periodic distribution, income from the Musyarakah Venture of up to an amount equal to a certain percentage of the face value of the Notes per annum, calculated on the basis of the actual number of days in the relevant period (“**Expected Periodic Distribution**”) shall be distributed semi-annually in the form of a periodic distribution (“**Periodic Distribution**”). Any shortfall between the Expected

Periodic Distribution and the actual income generated for such relevant period shall be paid by Issuer as an advance part payment of the Exercise Price (see below).

In respect of Notes without Periodic Distribution, income from the Musyarakah Venture of up to the Expected Return shall be distributed on a one-off basis upon the maturity date or the Dissolution Date (“**One-off Distribution**”), whichever is applicable. Any shortfall between the Expected Return and the actual income generated from the Musyarakah Venture shall be paid by the Issuer as an advance part payment of the Exercise Price.

The advance part payment will be set off in the Exercise Price payable by the Issuer pursuant to Purchase Undertaking or Sale Undertaking, as the case may be.

Pursuant to a Purchase Undertaking issued by the Issuer in favour of the Trustee for and on behalf of the Noteholders, the Issuer undertakes to purchase the Noteholders’ interests in the Musyarakah Venture from the Trustee for and on behalf of the Noteholders at an Exercise Price upon a declaration of Dissolution Event(s).

Pursuant to a Sale Undertaking issued by the Trustee for and on behalf of the Noteholders, in favour of the Issuer, the Trustee for and on behalf of the Noteholders undertakes to sell the Noteholders’ interests in the Musyarakah Venture to the Issuer at an Exercise Price on the Maturity Date of the Notes.

The transaction structure is illustrated in **Appendix 1**.

Exercise Price

In the case of Notes with Periodic Distributions, the Exercise Price payable for the Notes is equivalent to the nominal value of the Notes plus all Expected Periodic Distributions less the aggregate Periodic Distributions made and received and less the Unearned Periodic Distribution and less the sum of advance part payment.

In the case of Notes without Periodic Distributions, the Exercise Price payable for the Notes is equivalent to the nominal value of the Notes less One-off Distribution made and received and less the sum of advance part

payment. Where applicable, the Exercise Price is to be adjusted based on the dissolution date upon the declaration of a Dissolution Event(s) and the adjusted Exercise Price will be calculated based on a formula to be determined.

Unearned Periodic Distribution

The aggregate of all Expected Periodic Distributions in respect of the period from the date of the declaration of Dissolution Event up to the Maturity Date.

Musarakah Partners

Collectively, the Issuer and the Noteholders.

Musarakah Capital

The proceeds received from the Noteholders pursuant to their subscription for the Notes, and the capital contribution of the Issuer (i.e. the Business) for the purpose of participating in the relevant Musarakah Venture.

Maturity Date

The date specified as the maturity date on the relevant Global Certificate or Definitive Certificate (as the case may be) of that Note for payment of the Face Value of that Note, provided that it is construed in accordance with the RENTAS Rules.

(d) Issue size (RM)

The aggregate nominal value of outstanding IMTNs issued pursuant to the IMTN Programme shall not exceed RM4,500 million at any one point in time.

The aggregate nominal value of outstanding ICPs and IMTNs issued pursuant to the ICP/IMTN Programme shall not exceed RM500 million at any one point in time.

In addition, the aggregate nominal value of the outstanding IMTNs issued under the IMTN Programme and the nominal value of the outstanding ICPs and IMTNs issued under the ICP/IMTN Programme, shall not exceed RM4,500 million at any point in time.

(e) Issue price

IMTN Programme

The IMTNs may be issued at a discount or par or premium at the discretion of the Issuer.

ICP / IMTN Programme

The ICPs shall be issued at a discount while the IMTNs may be issued at discount or par or premium at the discretion of the Issuer.

The price payable for the Notes purchased shall be calculated in accordance with the formula specified in the Rules on Fully Automated System for Issuing / Tendering (“**FAST**”) issued by BNM or in the rules governing such issues and approved by BNM, as may be amended or substituted from time to time (“**FAST Rules**”).

The issue price of the Notes will be determined prior to each issuance.

(f) **Tenor of the facility/Issue**

Programme Tenors

IMTN Programme

Twenty (20) years from the date of first issuance which shall be made within two (2) years from the date of approval by the SC.

ICP / IMTN Programme

Seven (7) years from the date of first issuance which shall be made within two (2) years from the date of approval by the SC.

Issue Tenors

IMTN Programme

IMTNs – Above one (1) year and up to twenty (20) years as the Issuer may select in consultation with the JLMs, provided that the IMTNs mature prior to the expiry of the IMTN Programme.

ICP/IMTN Programme

ICPs – One (1), two (2), three (3), six (6), nine (9) or twelve (12) months or such other maturity below twelve (12) months as the Issuer may select in consultation with the JLMs, provided that the ICPs mature prior to the expiry of the ICP/IMTN Programme.

IMTNs – Above one (1) year and up to seven (7) years as the Issuer may select in consultation with the JLMs, provided that the IMTNs mature prior to the expiry of the ICP/IMTN Programme.

(g) Coupon/profit or equivalent rate (%) (please specify)

IMTNs

In the case of IMTNs with Periodic Distributions, the expected rate shall be determined and agreed prior to each issuance of the IMTNs.

ICPs

The ICPs will be issued without Periodic Distributions.

(h) Coupon/profit payment frequency and basis

IMTNs

Frequency

For IMTNs with Periodic Distributions, the Noteholders will receive Periodic Distributions at semi-annual intervals in arrears with the first payment commencing six (6) months from the issue date of the IMTNs and the last ending on the date falling on the maturity of the IMTNs.

Basis

The Periodic Distributions shall be calculated on an actual/365 basis.

ICPs

Frequency

Not applicable. The ICPs will be issued without Periodic Distributions.

Basis

Not applicable.

(i) Yield to maturity (%)

The yield to maturity will be determined prior to each issuance of the ICPs and/or IMTNs.

(j) Security/collateral (if any)

None.

(k) Details on utilisation of proceeds

To finance the Group's (as defined in paragraph z (ix) herein) working capital requirements and general

corporate purposes, and/or to finance future investments and/or capital expenditure and/or, if required, to refinance debt obligations (whether in whole or in part) of the Group. In any case, all utilisation of funds under the Islamic Programmes shall be Syariah compliant.

- (l) **Sinking fund (if any)** None.
- (m) **Rating**
- Credit rating assigned (please specify if this is an indicative rating)** The ICPs and IMTNs have been accorded with an indicative rating of MARC-I_{ID} and AAA_{ID} respectively.
- Name of rating agency** Malaysian Rating Corporation Berhad (“**MARC**”)
- (n) **Form and denomination**
- The Notes shall be issued in accordance with the “**Code of Conduct and Market Practices for the Malaysian Corporate Bond Market**” issued by the Institut Peniaga Bon Malaysia and approved by BNM (“**IPBM Code**”), the “**Rules on the Scripless Securities**” under the Real Time Electronic Transfer of Funds and Securities (“**RENTAS**”) system issued by BNM, as amended or substituted from time to time (“**RENTAS Rules**”) and FAST Rules, or their replacement thereof (collectively the “**Codes of Conduct**”) applicable from time to time. The RENTAS Rules shall prevail to the extent of any inconsistency between the RENTAS Rules and the IPBM Code.
- Each issue of the ICPs and IMTNs shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances to be set out in the Trust Deed. No physical delivery of the ICPs and IMTNs are permitted. The denomination of the ICPs and IMTNs shall be in RM500,000 or in multiples of RM500,000 or such other denomination agreed between the Issuer and the Facility Agent at the time of issuance, subject to the FAST Rules and other conditions stated in the paragraph above.
- (o) **Mode of issue**
- Via competitive tender by the tender panel members (“**TPMs**”) or direct placement on a best efforts basis or a bought deal basis or book-building / bookrunning on a best efforts basis.

The JLMs shall invite a selection of financial institutions

and investors to participate as TPMs to bid for the ICPs. The composition of the tender panel may be varied from time to time by the JLMs subject to agreement of the Issuer.

The allocation of the ICP to the bidders shall be based on ascending order of yield or descending order of price, as the case may be. The Issuer shall have the right to reject any or all bids or accept additional bids received from a TPM without assigning any reasons thereof.

Alternatively, the ICPs or IMTNs could be placed privately via the JLMs on a best efforts basis or a bought deal basis or book-building / bookrunning on a best efforts basis to selected investors at a yield to be agreed between the Issuer and the investors.

Such private placements, bought deal, book-building / bookrunning arrangements shall be subject to terms and conditions to be agreed between the Issuer and the JLMs.

Issuance of the ICPs and IMTNs under the Islamic Programmes shall be in accordance with the FAST Rules, subject to such exemptions (if any) granted from time to time.

(p) Selling restriction

Selling Restrictions at Issuance

The ICPs and/or IMTNs shall not be offered, sold, transferred or otherwise disposed, directly or indirectly other than to persons falling within any of the categories of persons or in the circumstances specified under:

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

of the CMSA, as amended from time to time.

Selling Restrictions after Issuance

The ICPs and/or IMTNs shall not be offered, sold, transferred or otherwise disposed of, directly or indirectly, other than to persons falling within any of the categories of persons or in the circumstances specified under:

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

of the CMSA, as amended from time to time.

- (q) **Listing status** The Notes may be listed on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) under an exempt regime provided by Bursa Securities in its Rules on Listing Requirements. However issuance of the Notes will not be conditional upon such listing.
- (r) **Minimum level of subscription (RM or %)** The minimum level of subscription for each issue under the Islamic Programmes shall be 5% of the size of a particular issue.
- In the event any issue, offer or invitation is undersubscribed and cannot meet the minimum level of subscription, the same shall be aborted (unless the approval of SC is obtained) and where applicable, any subscription proceeds received must be immediately returned to the respective subscribers.
- (s) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** None.
- (t) **Identified assets** Not applicable.
- (u) **Purchase and selling price/rental (where applicable)** Not applicable.
- (v) **Conditions precedent** Conditions precedent for the first issue under the Islamic Programmes to include but not limited to the following, all of which have to be in form and substance reasonably acceptable to the Facility Agent/JLMs, as the case may be:

A. Main Documentation

- (i) The Transaction Documents have been signed and, where applicable, stamped and endorsed as exempted from stamp duty.

B. The Issuer

- (i) Certified true copies of the Certificate of

Incorporation, and the Memorandum and Articles of Association, of the Issuer.

- (ii) Certified true copies of the latest Forms 24 and 49 of the Issuer.
- (iii) A certified true copy of a board resolution of the Issuer, authorising, among others, the execution of the Transaction Documents.
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. General

- (i) The approval from the SC and, where applicable, all other regulatory authorities;
- (ii) Evidence that the Islamic Programmes have received the approval of the Syariah adviser;
- (iii) Evidence that the rating of the Islamic Programmes is not below the ratings stated in condition (m) above;
- (iv) Receipt of closing legal opinions from the PA/LA/JLM's Solicitors to the PA/LA/JLMs/Trustee and a written confirmation from any one of the authorised signatories of the Issuer (as authorized by the board of directors of the Issuer) that the Debt to Equity ratio as calculated in accordance with item z (iii) herein, is not more than the ratio listed in the Financial Covenants in form and substance acceptable to the PA/LA/JLMs and the Issuer;
- (v) The Issuer shall have obtained all the necessary approvals/consents from the relevant parties in relation to the issuance of the Notes (if applicable); and
- (vi) Such other conditions precedent as advised by the Solicitors of the PA/LA/JLMs and agreed by the Issuer.

Conditions precedent to subsequent issuances of the Notes to include but not limited to the following (all to be in the form and substance reasonably acceptable to the Facility Agent):

- (i) Confirmation from the Issuer that all representations and warranties remain true and correct in all material respects;
- (ii) No Dissolution Event has occurred and continuing (unless waived); and
- (iii) Such other conditions precedent as advised by the Solicitors of the PA/LA/JLMs and agreed by the Issuer.

(w) Representations and warranties

Representations and warranties shall be limited to the following:

- (i) The Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets and has complied in all respects with all legal requirements relating to its business provided that non-compliance shall not be a misrepresentation unless it has a Material Adverse Effect (as defined in item (z) (ix) herein);
- (ii) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise the Issuer to execute and deliver and perform the transactions contemplated herein;
- (iii) All consents and approvals of any administrative, governmental or other authority or body in Malaysia which are required for the issue of the Notes and the performance of the obligations of the Issuer under the Notes have been duly obtained and are in full force and effect;
- (iv) All necessary corporate or other actions which are required to authorize the Issuer to execute and deliver and perform the transactions contemplated herein have been duly obtained and are in full force and effect;
- (v) Neither the execution nor the performance of any of the transactions contemplated under the

Transaction Documents will or does as at the date this representation and warranty is made or repeated:

- (a) contravene or constitute a default under any provision contained in any law, ordinance, decree, judgment, order, rule, regulation by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, which has a Material Adverse Effect; or
 - (b) contravene or constitute a default under any provision contained in any agreement, instrument, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets which has a Material Adverse Effect; or
 - (c) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law, ordinance, decree, judgement, order, rule, regulation, licence, permit or consent, to be exceeded;
- (vi) Each of the Transaction Documents (as referred to in item (z) (viii) herein) is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer, enforceable in accordance with its terms;
- (vii) All applicable registrations or filings of any of the Transaction Documents, and all payments of any duty or tax and all other actions whatsoever required by law which are necessary to ensure the validity, legality or enforceability of the Transaction Documents, or the priority in Malaysia of the liabilities and obligations of the Issuer thereunder or the rights of the Noteholders, have been duly effected, taken or made;
- (viii) There has not occurred any Dissolution Event nor any contravention of, or default, which if

capable of remedy, has not been remedied within the applicable grace period under any agreement or instrument by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, which has a Material Adverse Effect, and nothing has occurred which is, or with the giving of notice, lapse of time, satisfaction of some other conditions, or any combination of the above, constitutes an event (whatever called) which causes or enables the acceleration of any payment to be made under, or the enforcement, termination or rescission of, any agreement binding on the Issuer, and which has a Material Adverse Effect;

- (ix) Save as disclosed in the information memorandum (“**Information Memorandum**”) or in writing by the Issuer prior to the date of the execution of the Transaction Documents, no litigation, arbitration or administrative proceeding or claim against the Issuer before or of any court, tribunal, arbitrator or other relevant authority is presently in progress or pending, which either (i) attempts to restrain or affect the exercise or performance of any of the rights and/or obligations of the Noteholders or the Issuer under the Transaction Documents, or (ii) by itself or together with any other such proceedings or claims, would have a Material Adverse Effect or (iii) would adversely affect the validity or enforceability of any of the Transaction Documents;
- (x) The Issuer has fully and accurately disclosed to the PA/LA/JLMs, all its material liabilities (both actual and contingent) as at the date of the Trust Deed which have not been disclosed in the latest audited financial statements of the Issuer. For the purpose of this sub-paragraph (x), the value of material liabilities shall be equal to or exceeding 5% of the Issuer’s net tangible assets;
- (xi) No meeting has been convened for the winding-up of the Issuer or any of its material subsidiaries, as defined in item (z) (ix) herein (if any), (otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction of the

Issuer or its material subsidiaries, which will not have a Material Adverse Effect or by way of a voluntary winding-up or dissolution of the material subsidiaries where there are surplus assets of such material subsidiaries) and, so far as it is aware after due enquiry, no petition, application or the like is outstanding for the winding-up of the Issuer or any of its material subsidiaries which the Issuer or any of its material subsidiaries have not taken appropriate proceedings to stay within 30 days from the date of service of any such petition or application or the like, as the case may be;

- (xii) There has been no change which has a Material Adverse Effect with respect to the Issuer from that set forth in the latest annual audited financial statements of the Issuer;
- (xiii) The latest audited financial statements of the Issuer have been prepared in accordance with generally accepted accounting standards in Malaysia which have been consistently applied and (in conjunction with the notes to such statements) present a true and fair view of the state of affairs of the Issuer for the financial year ended on such date and, as at such date, the Issuer did not have any material liabilities (contingent or otherwise) or any material unrealized or unanticipated losses which are not disclosed by, or reserved against or provided for in, such financial statements;
- (xiv) All information furnished by the Issuer in connection with the Notes and the transactions contemplated under the Transaction Documents and the assets, business and affairs of the Issuer is true and not misleading and does not contain any material omission, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after reasonable inquiry by the Issuer; and
- (xv) Such other representations and warranties as may be advised by the PA/LA/JLMs' Solicitors and agreed by the Issuer.

(x) Dissolution Events

Dissolution Events shall be limited to the following:

- (i) Non-payment: where the Issuer fails to pay any

amount that is due and payable under the Notes on the due date;

- (ii) The Issuer fails to observe or perform in any material respect any covenant or any of its obligations under any of the Transaction Documents (other than payment obligations referred to in (i) above) which is not capable of remedy; or if it is capable of remedy, is not remedied within thirty (30) days after receipt by the Issuer of a written notice from the Trustee specifying the default or after the Issuer becoming aware of the failure;
- (iii) Any incidences for borrowed money of the Issuer in excess of RM200 million becomes due and is not paid within the applicable grace period or any payment obligation of the Issuer under any guarantee or indemnity given by the Issuer in respect of any indebtedness for borrowed money in excess of RM200 million becomes due and is not paid within the applicable grace period;
- (iv) The Issuer takes any action or any bona fide proceedings are commenced or other steps taken for:
 - (a) the Issuer to be adjudicated or found insolvent and the Issuer has not taken appropriate proceedings to stay such action within 30 days from the date of the Issuer being so adjudicated or found insolvent;
 - (b) the winding-up or dissolution of the Issuer either by an order of a court of competent jurisdiction or by way of voluntary winding-up, (save and except (i) to effect a reorganization of the business of the Issuer agreed in writing by the Trustee; or (ii) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction of the Issuer or its material subsidiaries which will not have a Material Adverse Effect or dissolution where there are surplus assets of such material subsidiaries); or
 - (c) the appointment of a liquidator, trustee,

receiver or similar officer over the whole or a substantial part of the Issuer's undertakings, assets, rights or revenues which has a Material Adverse Effect, and such appointment is not discharged within 45 days of its taking effect;

- (v) A distress, execution, sequestration or other process is levied or enforced upon or sued out against the whole or a substantial part 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 30 days and provided further that such distress, execution, sequestration or other process has or will have a Material Adverse Effect;
- (vi) the Issuer becomes insolvent, is unable to pay its debts as they fall due, stops or suspends payment of all or any material part of its debts (unless disputed in good faith), commences negotiations or takes any proceedings under any law or other steps with a view for adjustment, deferment or rescheduling of its indebtedness or any part thereof or makes or enters into a general assignment or arrangement or composition with or for the benefit of its creditors or a moratorium shall be declared on any of its indebtedness whether pursuant to Section 176 of the Companies Act, 1965 or otherwise;
- (vii) the Issuer fails to satisfy any judgment obtained against it and no appeal against such judgment has been made to any appropriate appellate court within the time prescribed by law or such appeal has been dismissed and such event has or will have a Material Adverse Effect;
- (viii) All or a material part of the undertakings, assets, rights or revenues of the Issuer is seized, nationalized, expropriated or compulsory acquired by or under the authority of any governmental body and such nationalization, expropriation or compulsory acquisition has or will have a Material Adverse Effect;
- (ix) There is a revocation, withholding or modification of any consent, authorization,

license or approval which has or will have a Material Adverse Effect;

- (x) the Issuer suspends or ceases or threatens to suspend or cease to carry on any material part of its business otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or construction of the Issuer or its material subsidiaries which will not have a Material Adverse Effect and such suspension or cessation has or will have a Material Adverse Effect; and
- (xi) Such other Dissolution Events as may be advised by the PA/LA/JLMs' Solicitors and agreed by the Issuer.

Upon the occurrence of a Dissolution Event, the Trustee may or shall (if directed to do so by the Noteholders by special resolution) declare that a Dissolution Event has occurred and may take such proceedings against the Issuer as it may think fit to enforce its rights under the Transaction Documents.

(y) Principal terms and conditions for warrants (where applicable)

Not applicable.

(z) Other principal terms and conditions for the issue

(i) Positive Covenants

Positive covenants shall be limited to the following:

- (i) Exercise reasonable diligence in carrying out the Issuer's business and affairs in a proper and efficient manner and in accordance with its constitutional documents, regulatory requirements in all material respects, and in accordance with sound financial and commercial standards and practices;
- (ii) Keep proper books and accounts at all times and to prepare its financial statements in accordance with generally accepted accounting standards in Malaysia, and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made;

- (iii) Ensure that the Issuer's obligations under the Transaction Documents shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated obligations, other than those preferred by law;
- (iv) Obtain and maintain in full force and effect all authorizations, approvals, consents, licences, exemptions, registrations, filings or notarizations as may be necessary to enable the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the Noteholders under the Transaction Documents, and the Issuer will comply with the same;
- (v) Furnish to the Facility Agent and the Trustee the following:
 - (a) as soon as they become available (and in any event within 180 days after the end of each financial year), the Issuer's annual consolidated audited financial statements comprising income statement, balance sheet, cash flow statement and the relevant notes to such accounts, prepared in accordance with generally accepted accounting standards in Malaysia;
 - (b) 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 the Issuer's unaudited half yearly consolidated financial statements for that period which shall contain income statements and balance sheets of the Issuer which are duly certified by any one of its authorised signatories (as approved by the board of directors of the Issuer) or the company secretary of the Issuer;
 - (c) promptly, upon receipt of a written request from the Trustee, a copy of all financial statements, circulars, notices, statements and reports issued by the

Issuer to its shareholders (or any class of them) in their capacity as shareholders or its creditors, generally at about the same time as these documents are dispatched to these shareholders or creditors;

- (d) promptly, but in any event not later than 15 Business Days after receiving a written request, provide to the Facility Agent and the Trustee, such information relating to the Issuer's business, affairs and financial condition as may from time to time be reasonably required by the Trustee and the Facility Agent in order to discharge their duties and obligations as the Facility Agent and the Trustee under the Transaction Documents to the extent permitted by law and the Main Market Listing Requirements of Bursa Securities;
- (vi) Comply with all applicable laws including the provisions of the CMSA, as amended from time to time, and/or the notes, circulars, conditions or guidelines issued by SC from time to time and applicable to the Islamic Programmes and obtain, preserve and keep in force and effect all approvals, consents, licenses and rights necessary and material for the conduct of the Issuer's material business and comply with all regulations relating to the carrying on of the Issuer's business where failure to do so has a Material Adverse Effect;
- (vii) Pay all taxes and other government charges before they become delinquent, where failure to do so has a Material Adverse Effect, unless the same are being contested in good faith by appropriate proceedings and reserves which in the opinion of the Issuer is adequate, being maintained;
- (viii) Maintain good title to all the Issuer's assets;
- (ix) Maintain takaful/insurance in respect of the Issuer's activities, assets and liabilities of an insurable nature at a commercially prudent level but in accordance with industry practice;
- (x) Promptly inform the Facility Agent and the

Trustee, as the case may be, in writing of the occurrence of any breach of any of the Issuer's warranties, representations or undertakings which has a Material Adverse Effect, or the occurrence of any Dissolution Events, and provide such party with all relevant details of any steps which the Issuer is taking, or is considering taking, in order to remedy or mitigate the effect of such breach or Dissolution Events or otherwise in connection with it, and the Issuer shall take such reasonable steps to remedy or mitigate the effect of such breach or Dissolution Events;

- (xi) Maintain a paying agent in Malaysia in respect of payments in relation to the Notes in accordance with the relevant laws and regulations;
- (xii) Such other covenants as may be advised by the PA/LA/JLMs' Solicitors and agreed by the Issuer.

(ii) Negative Covenants

Negative covenants shall be limited to the following whereby the Issuer undertakes not to, without the prior consent of the Trustee (which consent shall not be unreasonably withheld or delayed) :

- (i) Create, incur or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, over (i) the whole or any part of its assets to secure External Obligations (as defined below) or (ii) all the shares and immovable properties which are owned by the Issuer as at the date of the Trust Deed, to secure any banking facilities, but excluding:
 - (a) Carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like security arising out of title retention, provisions in a supplier's or service provider's standard conditions of supply of goods or services acquired in the

ordinary course of business for amounts which are not substantial in the reasonable opinion of the Trustee and the payment of which is not yet delinquent; or

- (b) Any lien whatsoever arising in the ordinary course of business in respect of or incidental to any of the goods, equipment or services to be supplied for amounts the payment of which are not yet delinquent; or
- (c) Easements, right-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount in the reasonable opinion of the Trustee.

“External Obligations” shall mean all obligations including guarantees of SDB in respect of bonds, debentures or other debt securities or Islamic securities.

- (ii) Save for any sale and/or disposal in the ordinary course of business or which is made as a method for purposes of Islamic financing, sell any of its assets or permit the sale of its material subsidiaries’ assets in any financial year which would reduce;
 - (a) the value of the Issuer’s consolidated total assets as reflected in its latest audited financial statements in respect of the immediately preceding financial year or in the event such audited financial statements are not then available, its management accounts for the immediately preceding financial year by more than fifteen per cent (15%); or
 - (b) the value of the Issuer’s consolidated earnings before interest, tax, depreciation and amortization (“EBITDA”) as reflected in its latest audited financial statements in respect of the immediately preceding financial year or in the event such

audited financial statements are not then available its management accounts for the immediately preceding financial year by more than fifteen per cent (15%);

- (iii) Merge with or consolidate with any person otherwise than for the purpose of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction of the Issuer or its material subsidiaries, which will not have a Material Adverse Effect;
- (iv) Create, acquire, participate in or enter into, as the case may be, any company (unless otherwise permitted in clause (iii) above), partnership, joint venture or profit sharing arrangement, unless:
 - (a) It is in accordance with the Main Market Listing Requirements of Bursa Securities; and
 - (b) To the best of the knowledge and belief of the Issuer after due enquiries, it will not have a Material Adverse Effect;
- (v) Add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents (unless required by applicable law or regulations);
- (vi) Save for any reduction in share capital resulting from a share buyback pursuant to Section 67A of the Companies Act 1965, reduce or in any way whatsoever alter except increase, its authorized or paid-up capital whether by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital into stock, or by consolidation, dividing or sub-dividing all or any of its shares otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction of the Issuer or its material subsidiaries which will not have a Material Adverse Effect;
- (vii) Declare or pay any dividends or make any distributions (whether income or capital in nature) to its shareholders unless no

Dissolution Event has occurred and is continuing or would occur if such payment is made;

- (viii) Use the proceeds of the Islamic Programmes except for the purposes set out in this term sheet;
- (ix) Such other covenants as may be advised by the PA/LA/JLMs' Solicitors and agreed by the Issuer.

(iii) Financial Covenants

Throughout the tenure of the Islamic Programmes:

Debt to Equity ratio of not more than 1.75:1. This is to be certified by any one of the authorized signatories of the Issuer (as authorized by the board of directors of the Issuer) in relation to the Issuer's latest consolidated annual audited financial statements upon request by the Trustee, Facility Agent or Rating Agency.

For the purposes of calculating the Debt to Equity ratio, the term "Debt" and "Equity" shall mean as follows:-

Debt means, in relation to the Issuer, an amount calculated in accordance with the generally accepted accounting principles, practices and policies in Malaysia, by reference to the Issuer's latest annual audited financial statements on a consolidated basis equal to the aggregate of:

- (a) bank overdrafts and any part of any borrowings maturing within 12 months;
- (b) the principal amount of any bonds, Islamic securities or debentures whether issued for cash or for consideration other than cash;
- (c) the liabilities under any liabilities in the nature of borrowings;
- (d) net exposure under any hedging agreements determined on a market to market basis;
- (e) all financial guarantees (including standby letters of credit) for borrowed monies; and
- (f) performance bonds (excluding the performance bonds in relation to the oil and gas, infrastructure, energy and engineering industries) which have been called.

Equity means the total consolidated shareholders' funds of the Issuer including subordinated advances/loans from its shareholders, if any.

For avoidance of doubt, any double counting will be disregarded.

(iv) Redemption

Redemption on maturity

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by SDB at par upon their respective maturity dates.

Early redemption

Subject to the consents of the Noteholders by an extraordinary resolution in accordance with the terms of the Trust Deed, the Issuer may redeem the Notes prior to their maturity by giving the requisite notice period set out in the Trust Deed at a redemption price to be mutually agreed between the Issuer and the Noteholders by an extraordinary resolution.

(v) Purchase and Cancellation

The Issuer may at any time purchase the Notes at any price in the open market or by private treaty, but these purchased Notes shall be cancelled and cannot be reissued.

(vi) Status

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

(vii) Compensation for Late Payment ("Ta'widh")

In the event of overdue payment of any sums under the Purchase Undertaking or Sale Undertaking, the Issuer shall pay to the Trustee for the benefit of the Noteholders compensation ("Ta'widh") covenanted to be paid by the Issuer under the Notes, on such overdue amounts at the rate and in the manner prescribed by the SC's Syariah Advisory Council.

(viii) Transaction Documents

The Islamic Programmes shall be subject to the negotiation and execution of documentation satisfactory to all parties incorporating clauses customary for transactions of this nature as advised by the PA/LA/JLMs' Solicitors and agreed by the Issuer. Such

documentation shall include, but not be limited to, the following:

- (i) Programme Agreement(s);
- (ii) Depository and Paying Agency Agreement(s);
- (iii) Trust Deed(s);
- (iv) Declaration of Trust;
- (v) Management Agreement;
- (vi) Purchase Undertaking;
- (vii) Musyarakah Agreement(s);
- (viii) Sale Undertaking(s); and
- (ix) Any other relevant documents agreed between the parties that may be required to complete the Islamic Programmes as advised by the PA/LA/JLMs' Solicitors and agreed by the Issuer.

(ix) Definitions

“Material Adverse Effect” means the occurrence of any event which materially and adversely affects the ability of the Issuer to perform any of its financial obligations under any of the Transaction Documents.

“Group” means the Issuer and its subsidiaries (as defined in Section 5 of the Companies Act, 1965 as amended from time to time).

“material subsidiary” means any direct or indirect subsidiary which contributes to more than 15% of the consolidated earnings before interest and tax of the Issuer.

(x) Taxation

All payment 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 authority thereof or therein having power to tax unless such withholding or deduction is required by law. In the event that such withholding or deduction is required by law, the Issuer shall not be obliged to gross up for such withholdings or deductions.

(xi) Governing Law and

Laws of Malaysia and submission to the exclusive

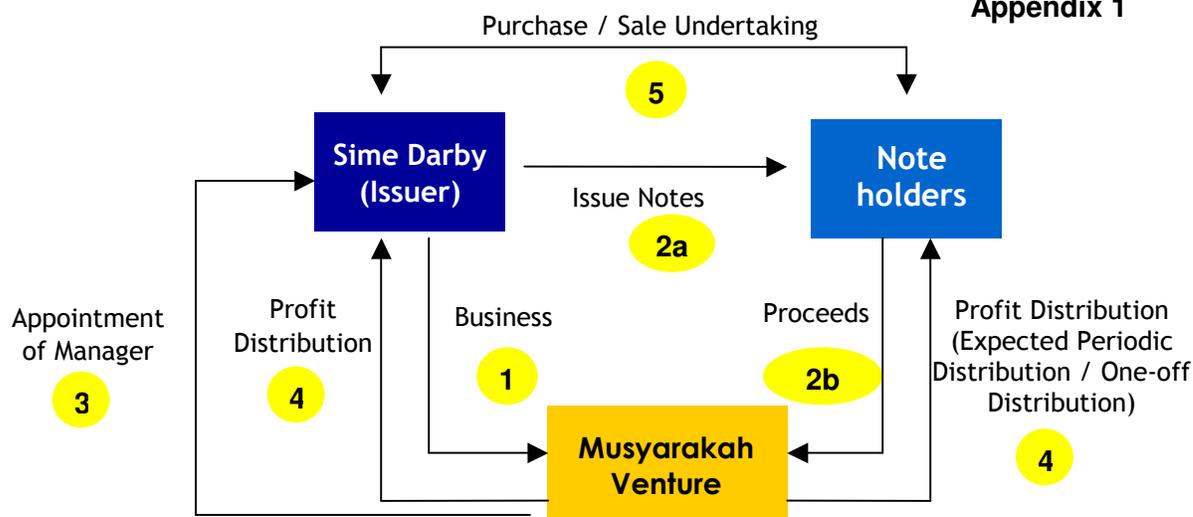
Jurisdiction

jurisdiction of the courts of Malaysia.

(xii) Other Conditions

The Islamic Programmes shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or other relevant authority in Malaysia having jurisdiction over matters pertaining to the Islamic Programmes and the Codes of Conduct.

Appendix 1



Transaction flows

- In respect of each issue of the Notes, the investors, together with the Issuer, will from time to time, enter into a Musyarakah Agreement as partners (each a “partner” and collectively, “Musyarakah Partners”) for the purpose of undertaking a venture (“Musyarakah Venture”) to invest directly into the Syariah-compliant business of the Issuer (“Business”).
- The Issuer, will from time to time, issue Notes to investors (“Noteholders”). Proceeds raised from the Notes shall be used as capital contribution of the Noteholders in the Musyarakah Venture. Each Note shall represent the respective Noteholder’s undivided proportionate interest in the Musyarakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust over all its interest in the Business for the benefit of the Noteholders and itself. The participation by the Noteholders in the Musyarakah Venture is via the subscription of Notes issued by the Issuer. Meanwhile, the Issuer, will from time to time, contributes its Business as capital contribution into the Musyarakah Venture.
- The Issuer shall be appointed as the manager (“Manager”) to manage the Musyarakah Venture.
- The expected return to the Noteholders under the Musyarakah Venture shall be the yield for the Notes up to the maturity date of the Notes (“Expected Return”). Any profit derived from the Musyarakah Venture shall be distributed to each partner based on pre-agreed profit sharing ratio which will be determined prior to the issuance of the Notes from time to time while losses shall be borne in proportion to each partner’s contribution of the Musyarakah Venture.

In respect of Notes with periodic distribution, income from the Musyarakah Venture of up to an amount equal to a certain percentage of the face value of the Notes per annum, calculated on the basis of the actual number of days in the relevant period (“Expected Periodic Distribution”) shall be distributed semi annually in the form of periodic distribution (“Periodic Distribution”). Any shortfall between the Expected Periodic Distribution and the actual income generated for such relevant period shall be paid by Issuer as an advance part payment of the Exercise Price.

In respect of Notes without Periodic Distribution, income from the Musyarakah Venture of up to the Expected Return shall be distributed on a one-off basis upon the maturity date or the Dissolution Date (“One-off Distribution”), whichever is applicable. Any shortfall between the Expected Return and the actual income generated from the Musyarakah Venture shall be paid by Issuer as an advance part payment of the Exercise Price.

- Pursuant to a Purchase Undertaking issued by the Issuer in favour of the Trustee for and on behalf of the Noteholders, the Issuer undertakes to purchase the Noteholders’ interests in the Musyarakah Venture from the Trustee for and on behalf of the Noteholders at an Exercise Price upon a declaration of Dissolution Event(s).

Pursuant to a Sale Undertaking issued by the Trustee for and on behalf of the Noteholders, in favour of the Issuer, the Trustee for and on behalf of the Noteholders undertakes to sell the Noteholders’ interests in the Musyarakah Venture to the Issuer at an Exercise Price on the Maturity Date of the Notes.