

PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

1. Background Information

(a) Issuer:

- (i) Name : Sabah Development Bank Berhad (“**SDB**” or the “**Issuer**”).
- (ii) Address : Correspondence Address
10th Floor, SDB Tower,
Wisma Tun Fuad Stephens,
Kilometre 2.4, Jalan Tuaran,
P.O. Box 12172,
88824 Kota Kinabalu,
Sabah.
- Registered Address
10th Floor, SDB Tower,
Wisma Tun Fuad Stephens,
Kilometre 2.4, Jalan Tuaran,
88300 Kota Kinabalu,
Sabah.
- (iii) Business registration number : Company No.: 34638-W.
- (iv) Date and place of incorporation : 9 August 1977/Malaysia.
- (v) Date of listing, where applicable : Not applicable.
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company : Resident controlled company.
- (vii) Principal activities : SDB is principally involved in the financing of development projects.
- (viii) Board of directors : The Board of Directors of SDB as at 15 September 2013 is as follows:
- Siau Wui Kee
 - Datuk Lim Siong Eng
 - Datuk Pengiran Hassanel Pg. Haji Mohd. Tahir
 - Datuk Dr. Mohamed Fowzi Hassan Bin

- Mohamed Razi
- Kevin How Kow
- Datuk Yusoff @ Hunter Bin Mohamed Kasim
- Petrus Gimbad

(ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : The shareholder of SDB as at 15 September 2013 is as follows:

Shareholder	Direct	
	No. of Shares	%
The State Government of Sabah	500,000,000 ordinary shares of RM1.00 each	100

(x) Authorised, issued and paid-up capital : Authorised Capital as at 15 September 2013:

RM500,000,000.00 consisting of 500,000,000 ordinary shares of RM1.00 each.

Issued and Paid-up Capital as at 15 September 2013:

RM500,000,000.00 consisting of 500,000,000 ordinary shares of RM1.00 each.

(xi) Disclosure of the following:

- If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and : None.
- If the issuer has been subjected to any action by the : Not applicable.

stock exchange
for any breach of
the listing
requirements or
rules issued by
the stock
exchange, for the
past five years
prior to the date
of application.

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2. Principal Terms and Conditions

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

- | | | |
|--------|--|--|
| (i) | Principal adviser | : CIMB Investment Bank Berhad (“ CIMB ”) and RHB Investment Bank Berhad (“ RHB ”) as joint principal advisers. |
| (ii) | Lead arranger | : CIMB and RHB as the joint lead arrangers (“ JLAs ”). |
| (iii) | Co-arranger | : Not applicable. |
| (iv) | Solicitor | : Messrs. Jeff Leong, Poon & Wong. |
| (v) | Financial adviser | : Not applicable. |
| (vi) | Technical adviser | : Not applicable. |
| (vii) | Bond trustee | : Malaysian Trustees Berhad (“ Bond Trustee ”). |
| (viii) | Guarantor | : Not applicable. |
| (ix) | Valuer | : Not applicable. |
| (x) | Facility agent | : CIMB (“ Facility Agent ”). |
| (xi) | Primary subscriber (under a bought-deal arrangement) and amount subscribed | : To be determined prior to each issue where applicable. |
| (xii) | Underwriter and amount underwritten | : The Programmes (as defined in item 2(b) below) will not be underwritten. |
| (xiii) | Central depository | : Bank Negara Malaysia (“ BNM ”). |
| (xiv) | Paying agent | : BNM. |
| (xv) | Reporting accountant | : Not applicable. |
| (xvi) | Calculation agent | : Not applicable. |
| (xvii) | Others (please specify) | : <u>Joint Lead Managers (“JLMs”)</u>
CIMB and RHB. |

Joint Bookrunners

CIMB and RHB (if the Notes (as defined in item 2(b) below) are issued on a bookrunning basis).

Auditor

Messrs. Ernst & Young.

Tender Panel Members (“TPMs”)

Persons to whom an issue of, or an offer or invitation to subscribe, the Notes (as defined in item 2(b) below) is made would fall within Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 (“**CMSA**”), and Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

- (b) *Facility description* : (i) A Commercial Papers (“**CPs**”) Programme (“**CP Programme**”); and
- (ii) A Medium Term Notes (“**MTNs**”) Programme (“**MTN Programme**”).

Collectively, the CPs and MTNs shall be referred to as the “**Notes**” and collectively, the CP Programme and MTN Programme shall be referred to as the “**Programmes**”.

- (c) *Issue / debt programme size* : CP Programme
Up to RM1.5 billion in nominal value.

MTN Programme

Up to RM1.5 billion in nominal value.

Subject always that the aggregate outstanding nominal value of the Notes at any point in time shall not exceed RM1.5 billion.

- (d) *Tenure of issue / debt programme* : CP Programme
Seven (7) years from the date of the first issue under the CP Programme.

MTN Programme

Twenty (20) years from the date of the first issue under the MTN Programme.

CPs

One (1), two (2), three (3), six (6), nine (9) or twelve (12) months as the Issuer may select, provided that the CPs mature prior to the expiry of the CP Programme.

MTNs

More than one (1) year up to twenty (20)

years as the Issuer may select, provided that the MTNs mature prior to the expiry of the MTN Programme.

- (e) *Availability period of debt programme* : CP Programme
Seven (7) years from the date of the first issue under the CP Programme, provided that the tenure of each CP issue shall not exceed the tenure of the CP Programme.

MTN Programme

Twenty (20) years from the date of the first issue under the MTN Programme, provided that the tenure of each MTN issue shall not exceed the tenure of the MTN Programme.

- (f) *Interest / coupon rate* : CPs
Not applicable.

MTNs

The MTNs may be issued with or without coupons. The coupon rate(s) for the MTNs (if applicable) shall be determined prior to each issuance of MTNs.

- (g) *Interest / coupon payment frequency* : CPs
Not applicable.

MTNs

(i) MTNs issued with coupons: Semi-annual or such other period as the Issuer and the JLMs may agree.

(ii) MTNs issued without coupons: Not applicable.

- (h) *Interest / coupon payment basis* : CPs
Not applicable.

MTNs

(i) MTNs issued with coupons: The coupons shall be calculated on the basis of the actual number of days elapsed and 365 days basis (actual/365 days).

(ii) MTNs issued without coupons: Not applicable.

- (i) *Security / collateral, where applicable* : Unsecured.

- (j) *Details on utilisation of proceeds by issuer. If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable* : The proceeds from the Notes issued under the Programmes will be utilised to finance the working capital requirements of SDB.
- (k) *Sinking fund and designated accounts, where applicable* : Not applicable.
- (l) *Rating:*
- *Credit ratings assigned and whether the rating is final or indicative* : The CP Programme and the MTN Programme have been assigned initial ratings of P1 and AA₁, respectively.
 - *Name of credit rating agencies* : RAM Rating Services Berhad ("**RAM**").
- (m) *Mode of issue* : CPs
Via competitive tender basis by the TPMs, direct placement on a best effort basis or bookrunning on a best effort basis.
- MTNs
Via competitive tender basis by the TPMs, direct placement on a best effort basis, bookrunning on a best effort basis or on a bought deal basis.
- (n) *Selling restriction, including tradability i.e. whether tradable or non-tradable* : 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 or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Schedule 6 or Section 229(1)(b) of the CMSA, and Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.
- Selling Restrictions Thereafter
The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Notes would

fall within Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

- (o) *Listing status and types of listing, where applicable* : The Notes will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.
- (p) *Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained* : Nil.
- (q) *Conditions precedent* : Customary conditions precedent for transactions of this nature, including but not limited to the following:
- (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) certified true copy of a board resolution of the Issuer authorising, among others, the execution of the Transaction Documents (as defined in item 2(v)(viii) below);
 - (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;
 - (vii) the Programmes shall be subject to the prior approval and authorisation of the SC;
 - (viii) the CPs and MTNs shall have been accorded minimum ratings of P1 and AA₁, respectively by RAM;

- (ix) receipt of a certified true copy of the Letter of Support from the State Government of Sabah in form and substance acceptable to the JLAs (**"Letter of Support"**);
 - (x) receipt of the Solicitor's confirmation that the programme agreement, trust deed and other relevant documents pertaining to the Programmes (**"Transaction Documents"**) shall have been executed, stamped and presented for registration, where applicable;
 - (xi) receipt from the Solicitor of a favourable legal opinion addressed to the JLAs and the Bond Trustee on the validity, legality and enforceability of the Transaction Documents and a confirmation addressed to the JLAs that all conditions precedent have been fulfilled;
 - (xii) evidence that all transaction fees, costs and expenses have been paid in full; and
 - (xiii) such other conditions precedent as may be advised by the Solicitor and mutually agreed with the Issuer.
- (r) *Representations and warranties* : Customary representations and warranties for a transaction of this nature, including but not limited to the following:
- (i) the Issuer (and each of its Material Subsidiary) is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets;

For the purposes set out herein, a **"Material Subsidiary"** shall be any subsidiary of the Issuer which contributes ten (10)% or more of the consolidated earnings before interest and tax of the Issuer or which makes up ten (10)% or more of the consolidated net tangible assets of the Issuer, as reflected in its latest

annual consolidated audited financial statements, and **“Material Subsidiaries”** shall be construed accordingly.

- (ii) the Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) 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, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;
- (iv) the Issuer has the power to enter into, exercise its rights and perform its

obligations under the Transaction Documents;

- (v) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms and will not: (i) conflict with any agreement, charge, assignment, bond or other instrument to which it is a party or which is binding upon it or any of its assets; (ii) conflict with its constitutive documents and rules and regulations or cause any limitation placed on it or the powers of its directors to be exceeded; or (iii) conflict with any applicable law, regulation or official or judicial order;
- (vi) the Issuer's audited accounts are prepared in accordance with generally accepted accounting principles and standards in Malaysia and they fairly represent the Issuer's financial position;
- (vii) the information furnished by the Issuer in connection with the Transaction Documents does not contain any untrue statement or omit to state any fact the omission of which makes the statements therein, in the light of the circumstances under which they were made, misleading and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer;
- (viii) there is no litigation or arbitration which is current or, to the Issuer's knowledge, is threatened, which if adversely determined would have a Material Adverse Effect;
- (ix) the Issuer's obligations under the Transaction Documents will at all

times rank at least pari passu in all respect with all its other unsecured and unsubordinated obligations;

- (x) in any proceedings taken in Malaysia in relation to the Transaction Documents, the Issuer will not be entitled to claim for itself or any of its assets, immunity from any suits, execution, attachment or other legal process;
 - (xi) the Issuer has not taken any corporate action and no other steps have been taken or legal proceedings been started or threatened against it or any Material Subsidiaries for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar office on it or any of its assets or revenues; and
 - (xii) such other representations and warranties which may be advised by the Solicitor and mutually agreed with the Issuer.
- (s) *Events of default and enforcement event, where applicable* : Customary events of default for transactions of this nature, including but not limited to the following:
- (i) the Issuer fails to pay any sum due under the Notes or the Transaction Documents on the due date thereof or upon demand by the Bond Trustee;
 - (ii) the Issuer commits any breach of or omits to observe or perform any of the obligations, undertakings or covenants expressed to be assumed by it under the Programmes or makes default under any other provision of the Transaction Documents other than obligations of the type referred to in paragraph (i) above, and in the case of a failure which in the opinion of the Bond Trustee is capable of being remedied, the Issuer does not

remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Bond Trustee of the failure;

- (iii) any indebtedness of the Issuer becomes due or capable of being declared due before its stated maturity, any guarantee or similar obligation of the Issuer is not discharged at maturity or when or if any security becomes enforceable called or the Issuer goes in default under, or commits a breach of, any instrument or agreement relating to any such indebtedness, guarantee or other obligation;
- (iv) where there is a revocation, withholding, invalidation or modification of any licence, authorisation, approval or consent which in the opinion of the Bond Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Notes or the Transaction Documents;
- (v) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or part of the business or assets of the Issuer which has a Material Adverse Effect, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer;
- (vi) any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding up order has been made against the

Issuer;

- (vii) the Issuer convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Bond Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act 1965 has been instituted against the Issuer;
- (viii) breach by the Issuer of any obligation under any of the Issuer's existing contractual obligation(s) which may materially and adversely affect the Issuer's ability to perform its obligations under the Notes or the Transaction Documents and, if in the opinion of the Bond Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of fourteen (14) business days after the Issuer becomes aware or having been notified by the Bond Trustee of the failure;
- (ix) any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Bond Trustee would have a Material Adverse Effect on the Issuer save and except where such seizure,

nationalisation, expropriation or acquisition relates to:

- (a) the Issuer and its group of companies' water or hotel business; or
 - (b) its equity interest in Progressive Insurance Bhd.;
- (x) any event has occurred or a situation exists which could or might in the opinion of the Bond Trustee have a Material Adverse Effect;
- (xi) any representation or warranty made or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the Programmes 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 and in the case of a failure which in the opinion of the Bond Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) business days after the Issuer became aware or having been notified by the Bond Trustee of the failure;
- (xii) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (xiii) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;

- (xiv) the Issuer is deemed unable to pay any of its debt within Section 218(2) of the Companies Act 1965 or becomes unable to pay any of its debt as they fall due or suspend making payments with respect to all or any class of its debts;
- (xv) the Issuer changes the nature or scope of a substantial part of its business, suspends or ceases the operation of a substantial part of its business and such change or suspension or cessation in the opinion of the Bond Trustee would have a Material Adverse Effect;
- (xvi) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xvii) the State Government of Sabah ceases to be the sole shareholder of the Issuer;
- (xviii) such other events of default as may be advised by the Solicitor and mutually agreed with the Issuer and shall comply with the SC's Trust Deeds Guidelines.

In the circumstances where an Event of Default has been declared, the Noteholders shall have recourse against the Issuer including instructing the Bond Trustee to enforce on the relevant provisions as provided in the trust deed and declare the outstanding Notes are immediately due and payable.

(t) *Covenants*

- (i) *Positive covenants* : Customary positive covenants for transactions of this nature, including but not limited to the following:
 - (i) the Issuer shall provide the Bond Trustee with the following:

- (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each financial year) copies of its consolidated financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of qualified independent chartered accountants acceptable to the Bond Trustee;
- (b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period which shall contain the income statements and balance sheets of the Issuer which are duly certified by any one of its directors;
- (c) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Bond Trustee may from time to time reasonably request; and
- (d) promptly, all notices or other documents received by the Issuer from its shareholder or its creditors which contents may materially and adversely affect the interests of the Noteholders, and a copy of all documents dispatched by the Issuer to its shareholder or its creditors generally at the same time as these documents are dispatched to its shareholder or creditors.

- (ii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iii) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Notes on the relevant maturity date(s) or any other date on which the 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 provisions of the Transaction Documents;
- (iv) the Issuer shall immediately notify the Facility Agent/ Bond Trustee:
 - (a) of any change in its condition (financial or otherwise) which would have a Material Adverse Effect;
 - (b) of any material litigation/claim/other proceeding of any nature whatsoever threatened against it; or
 - (c) as it becomes aware of any Event of Default or potential Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Bond Trustee to remedy and/or mitigate the effect of the Event of Default or the potential Event of Default;
- (v) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents,

rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the financiers under the Transaction Documents and the Issuer shall comply with the same;

- (vi) the Issuer shall prepare its financial statements on a basis consistently applied 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 up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vii) the Issuer shall provide to the Bond Trustee on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Notes and that there does not exist or has existed, from the date the Notes were issued or the date of the last certificate, as the case may be, any Event of Default, and if such is not the same, to specify the same;
- (viii) the Issuer shall promptly notify the Bond Trustee of any change in its board of directors and/or shareholders;
- (ix) the Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;

- (x) the Issuer shall promptly comply with all applicable provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by the SC from time to time; and
 - (xi) other covenants typical and customary for similar fund raising as advised by the Solicitor and mutually agreed with the Issuer and which shall comply with the SC's Trust Deeds Guidelines.
- (ii) *Negative covenants* : Customary negative covenants for transactions of this nature, including but not limited to the following:
 - (i) create or permit to exist any mortgage, charge, pledge, lien, encumbrance or other security interest of any kind on its assets save and except for:
 - (a) any security interests existing prior to the signing of the Transaction Documents;
 - (b) liabilities which are subject to liens or rights of set off arising in the normal course of business and the aggregate amount of which is not material; and
 - (c) liabilities which are preferred solely by law and not by reason of any security interest.
 - (ii) utilise the proceeds from the Notes issued under the Programmes except for the purposes set out in the Principal Terms and Conditions;
 - (iii) declare or pay any dividend or make any distribution to its shareholder if:
 - (a) any payment on any of the Notes is overdue and unpaid;
 - (b) if an Event of Default has occurred and is continuing;

- (iv) add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents;
- (v) reduce or in any way whatsoever alter except increase, its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares;
- (vi) dispose of the whole or any substantial part of its assets save and except for disposals:
 - (a) in the ordinary course of business;
 - (b) which relate to the water or hotel business; or
 - (c) of its equity interest in Progressive Insurance Bhd.

For the purpose of this Principal Terms and Conditions, “**substantial**” means five (5)% or more of the net tangible asset of the Issuer as reflected in its latest annual consolidated audited financial statements in aggregate in any financial year;

- (vii) obtain or permit to exist any loans or advances from its shareholder (excluding any monies placed with the Issuer by its shareholder as deposits) unless these loans and advances are:
 - (a) subordinated to the Notes; or
 - (b) loans, advances, grants or funds given or made for its on-lending for specific purposes as stipulated by its shareholder;

- (viii) make any loans or advances or guarantee or grant any credit to any of its directors, shareholder or related companies save and except:
 - (a) in the ordinary course of business on commercial terms and on the basis of an arm's length transaction; or
 - (b) where the loan or advance is made in favour of or where the guarantee is made for the benefit of any of its subsidiaries;
 - (ix) make any repayment and/or prepayment of any principal amounts outstanding under any loans or advances from its shareholder if there are any Notes outstanding; and
 - (x) other covenants typical and customary for similar financing at the recommendation of the Solicitor and mutually agreed with the Issuer and which shall comply with the SC's Trust Deeds Guidelines.
- (u) *Provisions on buy-back and early redemption of PDS* : Provisions for the buy-back of the Notes
None.

Provisions for the early redemption of the Notes
None.
- (v) *Other principal terms and conditions for the Proposal*
 - (i) *Issue price* : CPs
The CPs shall be issued at a discount to the nominal value and the issue price for each CPs issuance shall be calculated in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**"), as amended or substituted from time to time ("**MyClear Procedures**").

MTNs

The MTNs shall be issued at par, at a premium or at a discount to the nominal value and the issue price for each MTNs issuance shall be calculated in accordance with the MyClear Procedures.

- (ii) *Form and denomination* : The Notes shall be issued in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services" issued by MyClear ("**MyClear Rules**") and (2) the MyClear Procedures, or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time.
- Each tranche of the Notes shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
- (iii) *Taxation* : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event, the Issuer shall not be required to gross up for any such withholding or deduction.
- (iv) *Redemption* : Unless previously redeemed or purchased or cancelled, the Notes shall be redeemed by the Issuer at their nominal value on the relevant maturity dates.
- (v) *Purchase and cancellation* : The Issuer or its subsidiaries or its agent(s) may at any time purchase the Notes in the open market at any price or by private treaty. The Notes so purchased by the Issuer or by its subsidiaries or by its agent(s) who is acting for the redemption or purchase shall be cancelled and cannot be resold or reissued.
- (vi) *Default interest* : In the event of overdue payments of any amount under the Notes, the Issuer shall pay additional interest of one per centum

(1.0%) per annum above the prevailing rate on the amounts outstanding and unpaid calculated from the relevant due date up to the date of full payment and such default interest shall accrue for the number of days such payment is overdue on the basis of a year of three hundred and sixty five (365) days.

- (vii) *Status* : The Notes shall constitute direct, unsecured and unconditional obligations of the Issuer and will rank equally and rateably (pari passu) in point of priority and security amongst themselves and at least pari passu with all its other unsecured liabilities (both actual and contingent) except: (a) liabilities which benefit from liens or are subject to rights of set off arising in the normal course of business or by operation of law and not by way of contract; and (b) liabilities which are preferred solely by the laws of Malaysia.
- (viii) *Transaction documents* : To include but not limited to the following:
- (a) Programme Agreement;
 - (b) Trust Deed;
 - (c) Securities Lodgement Form; and
 - (d) such other documentation as advised by the Solicitor.
- (ix) *Jurisdiction* : The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdictions of the courts of Malaysia.
- (x) *Governing laws* : The Notes and the Transaction Documents are governed by, and shall be construed in accordance with, the laws of Malaysia.

Definition

- Material Adverse Effect* : For the purposes of this Principal Terms and Conditions, Material Adverse Effect means: (1) any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer; (2) any material adverse effect on the ability of the Issuer to perform any of its obligations under any of the Transaction Documents or (3) any material adverse effect on the rights of or benefits available to the Bond Trustee and/or the Noteholders

under any provisions of the Transaction Documents.

Noteholders : Holders of the Notes.

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