

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 (Company No. 15938-H) ("**Maybank IB**") ("**PA/LA**" or "**LA**")
 - (ii) **Arranger(s)** : Not applicable
 - (iii) **Valuer(s)** : Not applicable
 - (iv) **Solicitors** : Messrs Albar & Partners
 - (v) **Financial Adviser** : Not applicable
 - (vi) **Technical adviser** : Not applicable
 - (vii) **Guarantor** : Berjaya Sports Toto Berhad (Company No. 9109-K) ("**BToto**").
 - (viii) **Facility agent** : Maybank IB
 - (ix) **Trustee** : Maybank Trustees Berhad
 - (x) **Primary Subscriber(s) and amount subscribed (where applicable)** : The primary subscribers will be determined prior to the issuance of the MTNs (as defined in paragraph (b) below) in the event the MTNs are issued via bought deal
 - (xi) **Underwriter(s) and amount underwritten** : The MTNs (as hereafter defined) will not be underwritten.
 - (xii) **Central Depository** : Bank Negara Malaysia ("**BNM**")
 - (xiii) **Paying Agent** : BNM
 - (xiv) **Reporting Accountant** : Ernst & Young
 - (xv) **Others (please specify)** : Joint Lead Managers ("**JLM**")
Maybank IB and AmInvestment Bank Berhad (Company No. 23742-V) and such other joint lead managers to be appointed from time to time

Security Agent

Maybank IB

The Security Agent (who will act as the security

agent for the Trustee) will be the security custodian for the securities contemplated for the MTNs to be issued under the MTN Programme. (Please refer to the security arrangement as more particularly set out in paragraph (j) below)

- (b) **Facility description** : Medium term notes ("**MTNs**") programme of up to RM800.0 million in nominal value ("**MTN Programme**")
- (c) **Issue size (RM)** : The aggregate nominal value of outstanding MTNs issued pursuant to the MTN Programme shall not exceed RM800.0 million at any one point in time and is subject to the MTN Programme Reduction Limit Schedule as follows:

MTN Programme Reduction Limit Schedule

<u>Anniversary from Issue Date*</u>	<u>Reduction Amount</u>	<u>Revised MTN Programme Limit</u>
7	RM100 million	RM700 million
8	RM100 million	RM600 million
9	RM200 million	RM400 million
10	RM400 million	-

* Issue Date being the date of the 1st issuance made under the MTN Programme

- (d) **Issue price (RM)** : The MTNs may be issued at a discount or par or premium at the discretion of the Issuer.

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

The price payable for the MTNs 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**").

- (e) **Tenor of the facility/issue** : **MTN Programme Tenor**
 Ten (10) years from the date of first issuance which first issuance shall be made within two (2) years from the date of approval of the MTN Programme by the Securities Commission ("**SC**").

Issue Tenors

Above one (1) year and up to ten (10) years as

the Issuer may select in consultation with the JLM, provided that (i) the MTNs mature upon or prior to the expiry of the MTN Programme; and (ii) the MTNs when so issued shall adhere to the MTN Programme Reduction Limit Schedule.

- (f) **Interest/coupon (%) (please specify)** : The coupon rate shall be determined and agreed prior to each issuance of the MTNs.
- (g) **Interest/coupon payment frequency** : Payable semi-annually in arrears from the date of first issue of the MTNs or such period to be agreed between the Issuer and the JLM prior to each issuance of the MTNs.
- (h) **Interest/coupon payment basis** : Actual/365
- (i) **Yield to maturity (%)** : To be determined prior to each issuance of the MTNs.
- (j) **Security/collateral (if any)** : The MTNs shall be secured by:
1. A third party first equitable charge over the entire issued and paid up capital of the Issuer; and
 2. Corporate Guarantee by the Issuer's holding company, BToto.
- (k) **Details on utilization of proceeds** : The proceeds raised from the MTN Programme shall be utilised for the following purposes:
- (i) Up to RM460.0 million, to refinance existing borrowings of the Issuer and/or its holding company, BToto;
 - (ii) Up to RM2.0 million*, to defray issuance expenses; and
 - (iii) The remaining balance after (i) and (ii) will be utilised to finance working capital requirements, future investments and other general purposes in the ordinary course of business.

The estimated utilization amount for the remaining balance under item (iii) are as follows:

Item	RM million (Approximately)
Working capital	300

Future investments	35
Other general purposes	3
Total	338

Subsequent issues under the MTN Programme shall be utilised for the purpose of refinancing any maturing MTNs or for the purposes in (iii) above.

** The above stipulated amount is merely an estimation, which can only be finalised once the MTN Programme is set up as most of the expenses have yet to be incurred as at the date hereof. As such, the exact amount may differ from the estimation stated above. Any amount unutilised from the stipulated estimated amount will be utilised for (iii).*

- (l) **Sinking fund (if any)** : None.
- (m) **Rating** :
- Credit rating assigned (please specify if this is an indicative rating)** AA-
- Name of rating agency** Malaysian Rating Corporation Berhad (Company No. 364803-V) ("**MARC**")
- (n) **Form and denomination** : The MTNs 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 MTNs 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 MTNs are permitted. The denomination of the MTNs shall be in RM1,000 or in multiples of RM1,000 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** : The MTNs could be placed privately via the JLM on a best efforts basis, or a bought deal basis or book running exercise on a best effort basis.
- Such private placements, book running exercise or bought deal shall be subject to terms and conditions to be agreed between the Issuer and the JLM.
- Issuance of the MTNs under the MTN Programme shall be in accordance with the FAST Rules, subject to such exemptions (if any) granted from time to time.
- (p) **Selling restriction** : The MTNs may not be issued, offered for subscription or purchase, nor may any invitation to subscribe for or purchase the MTNs be made to persons other than those falling within Section 4(6) of the Companies Act 1965.
- (q) **Listing status** : The MTNs or MTN Programme may be listed on Bursa Malaysia Securities Berhad. Issuance of the MTNs, however, will not be conditional upon such listing.
- (r) **Minimum level of subscription (RM or %)** : The minimum level of subscription for each issue under the MTN Programme shall be:
- (i) In the case of issuance by way of a book running exercise – 5% of the issue size of a particular issue; and
 - (ii) In the case of issuance on a private placement or bought deal basis – 100% of the issue size of a particular issue.
- (s) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** : None.
- (t) **Conditions precedent** : Conditions precedent for the first issue under the MTN Programme shall include but not be limited to the following, all of which have to be in form and substance reasonably acceptable to the LA:

A. Main Documentation

- (i) The Transaction Documents have been signed 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;
- (vii) A redemption statement cum letter of undertaking from Malayan Banking Berhad, as the existing chargee, to deliver the original share certificates representing one hundred per centum (100%) of the equity shareholding in the Issuer ("**STM Shares**") to the Security Agent upon its receipt of the redemption sum;
- (viii) An undated share transfer forms in respect of the STM Shares duly executed by BToto; and
- (ix) A certified true copy of the resolution passed by the board of directors of the Issuer authorising the transfer of the STM Shares upon enforcement of the security and the registration relating to such transfer.

C. General

- (i) The approval from the SC and, where applicable, all other regulatory authorities;
- (ii) Evidence that the rating of the MTN Programme is not below the rating stated in paragraph (m) above;
- (iii) The LA has received from the Solicitors a legal opinion addressed to the LA advising with respect to the legality, validity and

enforceability of the Transaction Documents and a confirmation addressed to the LA that all the conditions precedent have been fulfilled;

- (iv) The Issuer shall have obtained all the necessary approvals/consents from the relevant parties in relation to the issuance of the MTNs (if applicable); and
- (v) Such other conditions precedent as advised by the Solicitors and agreed by the Issuer.

Conditions precedent to subsequent issuances of the MTNs 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 Event of Default has occurred and continuing (unless waived); and
- (iii) Such other conditions precedent as advised by the Solicitors and agreed by the Issuer.

(u) Representations and warranties

: To include but not limited to the following:

- (i) The Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has 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;
- (ii) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise the Issuer to execute, 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 MTNs and the performance of the obligations of the Issuer under the MTNs have been duly obtained and are in full force and effect;
- (iv) All necessary corporate or other actions which are required to authorise the Issuer

to execute, 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; 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; or
 - (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets; or
 - (d) 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 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 holders of MTNs ("**Noteholders**"), have been duly effected, taken or made;

- (viii) There has not occurred neither any Event of Default 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 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) The Issuer is in compliance and will comply with any applicable law and regulations;
- (x) 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;
- (xi) 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;
- (xii) 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;

- (xiii) All information furnished by the Issuer in connection with the MTNs 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
- (xiv) Such other representations and warranties as may be advised by the Solicitors and agreed by the Issuer.

(v) Events of Default

: To include but not limited to the following:

- (i) Where the Issuer fails to pay any amount that is due and payable under the MTNs on the due date;
- (ii) The Issuer fails to observe or perform any covenant or any of its obligations under any of the Transaction Documents (other than the payment obligation referred to in (i) above) which is not capable of remedy; or if it is capable of remedy, is not remedied within 7 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) There has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may have Material Adverse Effect and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of 30 days after the Issuer became aware or having been notified by the Trustee of the breach;
- (iv) Any other indebtedness of the Issuer

becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable;

- (v) The Issuer fails to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment 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;
- (vi) Any representation or warranty made or given by the Issuer under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the MTNs 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 Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of 7 days after the Issuer became aware or having been notified by the Trustee of the failure;
- (vii) The Issuer convenes the meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors or a resolution being passed or an order of court is made that the Issuer is wound up or similar proceedings which are determined by the Trustee to be analogous in effect being instituted or a bona fide petition is presented for the winding up of the Issuer;
- (viii) Where a receiver has been appointed over the whole or a substantial part of the assets of the Issuer;
- (ix) Any material provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable;
- (x) Where there is a revocation, withholding or modification or any license, authorization, approval or consent which in the opinion of the Trustee may materially and adversely

impairs or prejudices the ability of the Issuer to comply with the terms and conditions of the MTNs or the Transaction Documents;

- (xi) Any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Trustee may have a Material Adverse Effect;
- (xii) 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;
- (xiii) Any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalized, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;
- (xiv) It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under or in respect of any of the MTNs or the Transaction Documents;
- (xv) 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;
- (xvi) The Issuer becomes insolvent, is unable to pay its debts as they fall due, stops or suspends payment of all of its debts; 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;
- (xvii) The Issuer changes or threatens to change

the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly;

- (xviii) Any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer, and in the case of the occurrence of such an event or situation which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy it within a period of seven (7) days after the Issuer became aware of having been notified by the Trustee of the event or situation; or
- (xix) Such other Event of Default as may be advised by the Solicitors and agreed by the Issuer.

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

(w) Principal terms and conditions for warrants (where applicable) : Not applicable.

(x) Other principal terms and conditions for the issue :

(i) Financial Covenants : **Debt Service Cover Ratio ("DSCR")**

The Issuer shall maintain at all times a DSCR of not less than 1.5 times.

DSCR is defined as the ratio of the Issuer's net operating cashflow plus opening cash balances to the aggregate of:

- (i) The total principal and/or coupon/interest repayments due and paid under the Issuer's borrowings and all finance charges in relation thereto paid during the relevant financial year. (Excluding repayment of MTNs, which are refinanced or replaced via a rollover or new issuance from the MTN Programme, of which the rollover or new

issuance must occur within the same financial year. For avoidance of doubt, repayment of MTNs that are not refinanced or replaced via a rollover or new issuance occurring in the same financial year will be treated as a net repayment and the amount will be included in the calculation of the DSCR for that financial year.)

The computation of DSCR shall be based on the Issuer's latest audited accounts and confirmed by the Issuer's auditors to the Issuer, whereupon the Issuer shall thereafter provide a written confirmation to the Trustee and the Rating Agency confirming that the DSCR has been complied with.

(ii) Positive Covenants

: To include but not limited to the following:

- (i) The Issuer shall 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) The Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the MTNs on the relevant maturity date(s) or any other date on which the MTNs are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfill or comply with any of the provisions of the Transaction Documents;
- (iii) The Issuer shall provide to the Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Trust Deed and the terms and conditions of the MTNs and that there does not exist or had not existed, from the date the MTNs were issued or date of the previous certificate (as the case may be), any Event of Default, and if such is not the case, to specify the same;
- (iv) The Issuer shall promptly notify the Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the

Issuer before any court or tribunal or administrative agency which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents;

- (v) The Issuer shall 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;
- (vi) The Issuer shall 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 and to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer and the priority or rights of the Noteholders under the Transaction Documents, and the Issuer will comply with the same;
- (vii) The Issuer shall furnish to 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 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 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 one director of the Issuer;

- (c) promptly, a copy of all other 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;
 - (d) promptly, but in any event not later than 15 Business Days after receiving a written request, such information relating to the Issuer's business, affairs and financial condition (to the extent permitted by law) as may from time to time be required by the Trustee in order to discharge its duties and obligations as the Trustee under the Transaction Documents;
- (viii) The Issuer shall promptly 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;
 - (ix) The Issuer shall ensure that the liabilities and obligations of the Issuer under the MTNs constitute direct, unconditional and secured obligations of the Issuer and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law;
 - (x) The Issuer shall pay all taxes and other government charges before they become delinquent, 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;
 - (xi) The Issuer shall promptly inform the Trustee in writing of the occurrence of any Event of Default, and provide the Trustee 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 Event of Default or otherwise in connection with it, and the Issuer shall take such reasonable steps to remedy or mitigate the effect of such breach or Event of Default;
 - (xii) The Issuer shall maintain a paying agent in Malaysia in respect of payments in relation

to the MTNs in accordance with the relevant laws and regulations;

(xiii) 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; and

(xiv) Such other covenants as may be advised by the Solicitors and agreed by the Issuer.

(iii) Negative Covenants

: To include but not limited to the following:

(i) The Issuer shall not 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 ("**Security Interest**"), save and except:

(1) liens arising in the ordinary course of business by operation of law and not by way of contract;

(2) such Security Interest created to secure in aggregate at any time the amount of not exceeding RM150,000,000; and

(3) such Security Interest created under the MTN Programme;

(ii) The Issuer shall not dispose of any assets in any financial year, where such disposal may have a Material Adverse Effect;

(iii) The Issuer shall not obtain or permit to exist any loans or advances from its directors or shareholders, unless those loans and advances are subordinated to the MTN Programme;

(iv) The Issuer shall not use the proceeds of the MTN Programme except for the purposes set out in the Principal Terms and Conditions;

- (v) The Issuer shall not undertake or acquire any other business or subsidiaries where such undertaking or acquisition would have a Material Adverse Effect;
- (vi) The Issuer shall not 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);
- (vii) The Issuer shall not 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;
- (viii) The Issuer shall not enter into any agreement with interested persons except on ordinary commercial terms and on the basis of arm's length arrangements and where the transaction does not have a Material Adverse Effect;
- (ix) The Issuer shall not make payments (whether in relation to principal, profit or otherwise) to its directors or its shareholders in connection with loans or financing or advances from its directors and/or shareholders;
- (x) The Issuer shall not declare or pay any dividends or make any distribution whether income or capital if an Event of Default has been declared, is continuing and has not been waived, or if following such declaration, payment or distribution, an Event of Default would occur;
- (xi) The Issuer shall not grant any inter-company loan that are without fixed repayment terms, save and except for such relevant inter-company loans to be made by the Issuer to its holding company arising from the proceeds raised from the MTN Programme to refinance existing borrowings of the Issuer's holding company; and
- (xii) Such other covenants as may be advised by the Solicitors and agreed by the Issuer.

- (iv) **Redemption** : Redemption on maturity
- Unless previously redeemed or purchased and cancelled, the MTNs will be redeemed by the Issuer at par upon their respective maturity dates.
- Early redemption
- Subject to the consents of the Noteholders by a special resolution in accordance with the terms of the Trust Deed, the Issuer may redeem (on a pro-rata basis), the MTNs prior to their maturity by giving the requisite notice at a redemption price to be mutually agreed between the Issuer and the Noteholders in the said special resolution.
- (v) **Purchase and Cancellation** : The Issuer may at any time purchase the MTNs at any price in the open market or by private treaty, but these purchased MTNs shall be cancelled and cannot be reissued.
- (vi) **Status** : The MTNs will constitute direct, unconditional, secured 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) **Definitions** : (1) **"Material Adverse Effect"** means any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents; and
- (2) **"Transaction Documents"** means the documentation in respect of the MTN Programme, which shall be subject to the negotiation and execution of the same satisfactory to all parties incorporating clauses customary for transactions of this nature as advised by the Solicitors and agreed by the Issuer; and which documentation shall include, but not be limited to, the following:
- (i) Trust Deed and any supplementals thereto;

- (ii) Programme Agreement and any supplementals thereto;
- (iii) Depository and Paying Agency Agreement(s);
- (iv) Memorandum of Deposit of STM Shares; and
- (v) Corporate Guarantee;
- (vi) Any other relevant documents agreed between the parties that may be required to complete the MTN Programme as advised by the Solicitors and agreed by the Issuer.

- (viii) 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 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.
- (ix) Governing Law and Jurisdiction** : Laws of Malaysia and submission to the exclusive jurisdiction of the courts of Malaysia.
- (x) Other Conditions** : The MTN Programme 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 MTN Programme and the Codes of Conduct.