

**MALAYSIA DEBT VENTURES BERHAD**  
**PROPOSED ISSUANCE OF ISLAMIC MEDIUM TERM NOTES OF UP TO**  
**RM1,500,000,000 IN NOMINAL VALUE GUARANTEED BY THE FEDERAL**  
**GOVERNMENT OF MALAYSIA**

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Issuer	:	Malaysia Debt Ventures Berhad (“MDV”)
Guarantor	:	Federal Government of Malaysia
Facility and Amount	:	Islamic Medium Term Notes (“IMTN”) programme of up to RM1,500,000,000 in nominal value guaranteed by the Federal Government of Malaysia (“IMTN Programme”)
Lead Arranger (“LA”)	:	CIMB Investment Bank Berhad (“CIMB”)
Joint Lead Managers (“JLMs”)	:	Bank Islam Malaysia Berhad (“Bank Islam”), CIMB and RHB Investment Bank Berhad (“RHB Investment”)
Facility Agent	:	CIMB
Trustee	:	CIMB Trustee Berhad (“Trustee”)
Security Agent (to hold the Guarantee)	:	CIMB
Legal Counsel	:	Messrs. Adnan Sundra & Low (“Legal Counsel”)
Syariah Adviser	:	CIMB Islamic Shariah Committee
Central Depository & Paying Agent	:	Bank Negara Malaysia (“BNM”)
Islamic Principle	:	Murabahah
Underlying Islamic Transaction	:	<p>Under the Murabahah principle, in respect of each issuance, MDV and the Trustee acting on behalf of the holders of the IMTN will execute an asset purchase agreement under which MDV will sell the Identified Assets (as defined below) to the Trustee. The asset purchase price will be the amount to be disbursed and will be in compliance with the SC’s Syariah Advisory Council Pricing Guidelines issued in December 2003 and April 2004.</p> <p>Pursuant to the Murabahah arrangement, the Trustee will then immediately sell the assets back to MDV via an asset sale agreement. The asset sale price will represent the asset purchase price and profit margin to be agreed at the time of issuance. The asset sale price shall be paid by MDV on a deferred basis and shall be evidenced by the primary IMTNs and, if applicable, the secondary IMTNs.</p>
Identified Assets	:	A pool of Syariah-compliant assets based on the Securities Commission’s Syariah Advisory Council criteria identified and provided by MDV for the purpose of the transaction.

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The assets shall be endorsed by the Syariah Adviser.

- Purpose : The issue proceeds from the IMTN shall be utilised for the following Shariah compliant purposes:
- (a) funding MDV’s Islamic financing activities; and
  - (b) paying fees and expenses in connection with the IMTN Programme.
- Tenure : Up to 15 years.
- Yield to Maturity : The yield to maturity will be determined at the point of each issuance under the IMTN Programme.
- Issue Price : The IMTN may be issued at par or at a discount to nominal value and will be determined at each point of issuance under the IMTN Programme.
- Profit Rate : The profit rate will be determined at the point of each issuance under the IMTN Programme.
- Profit Payment Period : Semi annual.
- Guarantee : An irrevocable and unconditional guarantee (the “Guarantee”) by the Federal Government of Malaysia (the “Government”) in favour of the Security Agent whereby the Government guarantees the proper and punctual payment by MDV of the Guaranteed Amount and if MDV fails to make payment of the Guaranteed Amount, the Government undertakes to pay the amounts not so paid within 30 days of the written demand by the Security Agent (“Payment Period”).
- “Guaranteed Amount” refers to all monies and liabilities which become due, owing or payable by MDV in relation to the face amount of the primary IMTNs and accrued profit (represented by the face amount of the relevant secondary IMTN) under the IMTN, the Trust Deed or any of the other transaction documents. For the purpose of calculating the Guaranteed Amount, any compensation charges in respect of the Payment Period shall not be taken into account.
- Status : The IMTN shall constitute direct, unconditional and unsecured obligations of MDV and shall at all times rank pari passu, without discrimination, preference or priority themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of MDV, subject to those preferred by law and the transaction documents.
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---

- Mode of Issue : The IMTN will be issued on a bought deal, book-building or private placement basis.
- Listing : The IMTN will not be listed on Bursa Malaysia Securities Berhad or any stock exchange.
- Form and Denomination : The IMTN shall be issued in accordance with:-  
(i) 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”); and  
(ii) the “Rules on the Scripless Securities” under the Real Time Electronic Transfer of Funds and Securities (“RENTAS”) system issued by BNM (“Rentas Rules”); and  
(iii) the “Rules on Fully Automated System for Issuing/Tendering (“FAST”)” issued by BNM (“Fast Rules”); or  
their replacements (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.
- The IMTN shall be represented by a global certificate to be deposited with BNM and shall only be exchanged for definitive bearer form only in certain limited circumstances. The denomination of the IMTN shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
- Redemption : Unless previously redeemed or purchased and cancelled, the IMTN will be fully redeemed at their maturity dates at 100% of their nominal value.
- Purchase and Cancellation : MDV may at any time purchase the IMTN in the open market or by private treaty, but these purchased IMTN shall be cancelled and cannot be reissued.
- Availability : Upon completion of documentation and, unless waived by the Lead Arranger, compliance of all conditions precedent and other applicable conditions to the satisfaction of the Lead Arranger.
- Conditions Precedent : Including but not limited to the following in the form and substance acceptable to the Lead Arranger:  
(a) The transaction documents (including the Guarantee) have been duly executed and stamped or endorsed as exempted from stamp duty.

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- (b) A resolution from the Board of Directors of MDV approving the issuance of the IMTN and certified true copies of the Certificate of Incorporation, the Memorandum and Articles of Association and the latest Form 24 and 49 have been provided to the Lead Arranger.
- (c) The relevant approvals and orders required from the Government and/or Minister of Finance (including under the Loan Guarantee (Bodies Corporate) Act 1965) and, where applicable, all other regulatory authorities have been obtained.
- (d) Evidence of the confirmation from the Syariah Adviser that the issuance of the IMTNs and the transaction documents are in compliance with Syariah principles.
- (e) The relevant stamp duty exemption letter has been issued by the Minister of Finance.
- (f) A search on MDV has been conducted at the Companies Commission of Malaysia.
- (g) A winding-up search on MDV has been conducted with the Official Receiver wherein the Official Receiver confirms that no winding up orders have been issued against MDV or a statutory declaration by a director of MDV to that effect.
- (h) Evidence that all fees due and payable under the transaction documents have been or will be paid in full.
- (i) A legal opinion from the Legal Counsel addressed to the Lead Arranger and the Trustee with respect to, among others, the legality, validity and enforceability of the transaction documents.
- (j) Such other conditions precedent as may be advised by the Legal Counsel.

Covenants

- : MDV covenants that, so long as any of the IMTN shall remain outstanding, it will:-
  - (a) carry on and conduct its business in a proper and efficient manner;
  - (b) comply with all laws, regulations and guidelines relating to or regulating the ownership of its assets, the carrying on by MDV of the business it engages in or proposes to engage in and the entry into and performance by MDV of its obligations under the

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---

agreements to which it is a party;

- (c) perform all obligations under the transaction documents;
- (d) to the same extent as if the Trustee or any auditor (within the meaning ascribed thereto by the Companies Act) appointed by the Trustee were a director of MDV:-
  - (i) make available for their inspection, the whole of the accounting records of MDV; and
  - (ii) give to them such information as they require with respect to all matters relating to the accounting records of MDV;
  - (iii) keep proper books of account and where the Trustee, for reasonable cause requires an examination, upon reasonable notice, cause the external auditors of MDV (“Auditors”) to examine its books of account and other records and investigate its affairs and furnish the Trustee with such certificate or information pertaining thereto as the Trustee shall require for the performance of its duties hereunder (and so that for the purpose of this paragraph the failure by such Auditors to furnish any such certificate or information within a reasonable time of the examination shall be deemed to be a failure by MDV to perform a covenant herein contained and on its part to be performed);
- (e) pay the reasonable costs of any such examination and investigation as is referred to in sub-paragraph (d) above;
- (f) give to the Trustee any information which the Trustee may reasonably require relating to its affairs;
- (g) ensure that its directors shall, at some date no later than thirty (30) days after the audited financial results of MDV have become available (which shall be available no later than one hundred and eighty (180) days after the end of its financial year), cause to be made out and lodged with the Companies Commission of Malaysia and with the Trustee the audited profit and loss account and the audited balance sheet as at the end of the financial year to

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---

which the audited profit and loss account relates;

- (h) adopt the same balance sheet date and financial year, for the purpose of its audited financial accounts as those of its holding company (if any) and all its holding company's subsidiaries and prepare the financial statements referred to in sub-clause (g) above on a basis consistently applied in accordance with the laws of Malaysia and the approved accounting standards issued by the Malaysian Accounting Standards Board (except such matters specifically disclosed therein) and ensure that these financial statements shall give a true and fair view of the results of the operation of MDV for the period in question and the state of its affairs for the period to which the financial statements are made up and shall disclose or reserve against all the liabilities (actual or contingent) of MDV;
- (i) procure the Auditors to furnish to the Trustee such certificates or other information as the Trustee may from time to time require in connection with any calculation or matter arising under the transaction documents or as the Trustee may require in order to discharge its obligations as Trustee;
- (j) ensure that it keeps insured adequately all of its property and assets where so ever situated as are of an insurable nature against loss or damage by fire storm tempest flood and such other risks as a prudent company carrying on similar business would insure against (having regard to the availability and cost of such insurance in Malaysia) with an insurance company licensed to conduct insurance business in Malaysia and MDV will duly pay or procure to be duly paid a premium or other sums payable in respect of such insurance and on demand produce to the Trustee the receipt of the last premium payable thereunder and if required every policy of such insurance;
- (k) obtain and promptly renew from time to time, and promptly deliver or procure the delivery to the Trustee upon demand certified true copies of any and all licences, authorisations, approvals, consents and exemptions, registrations, recordings, filings or notarisations as may be necessary or desirable:-
  - (i) for the carrying out of the business of MDV; or

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---

(ii) to ensure the validity, enforceability or priority of its liabilities and obligations or the rights of the holders of the IMTN (or any of them) under the transaction documents,

and shall comply with the terms of the same.

(l) not, (without the prior written consent of the Trustee which shall not be unreasonably withheld), reduce or in any way whatsoever alter except increase, its authorised 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 subdividing all or any of its shares or add to, delete or amend its Memorandum and Articles of Association in a manner inconsistent with the transaction documents;

(m) so far as is required by law at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times to give further effect to the terms and conditions of the transaction documents;

(n) comply with its obligations under the Depository and Paying Agency Agreement and, without prejudice to the generality of the foregoing, at all times maintain a Paying Agent with a specified office in Malaysia;

(o) comply with the provisions of the Trust Deed and the terms and conditions of the IMTN;

(p) immediately notify the Trustee as soon as MDV becomes aware of any Event of Default;

(q) immediately notify the Trustee as soon as MDV becomes aware of the following:-

(i) any substantial change in the nature of the business of MDV;

(ii) any change in the withholding tax position of MDV;

(iii) any Material Adverse Change in the condition (financial or otherwise) of MDV;

(iv) any matter that may materially prejudice the

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---

interests of the holders of the IMTN;

For the purpose of this termsheet, “Material Adverse Change” means any material adverse change 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 change the ability of the Issuer to perform any of its obligations under any of the transaction documents.

- (r) give to the Trustee notice of its intention to appoint or remove any Paying Agent at least seven days before notice of any change is given to the holders of the IMTN in accordance with the Trust Deed; and
- (s) such other covenants as may be advised by the Legal Counsel.

Representations and Warranties : Standard representations and warranties for a facility of this nature shall be imposed including but not limited to the following:

- (a) MDV is a company duly established and existing under Malaysian laws.
- (b) MDV has the power to enter into, exercise its rights under and perform its obligations under the transaction documents.
- (c) All necessary authorisations, licences, and consents required for the performance of MDV under the transaction documents have been obtained, renewed, fulfilled and remain in full force and effect.
- (d) MDV’s entry into, exercise of its rights under, and performance of the transaction documents do not and will not violate any law or agreement to which it is a party.
- (e) No litigation or arbitration is current or, to MDV’s knowledge, is threatened, which if adversely determined may have a material adverse effect on the ability of MDV to comply with the transaction documents.
- (f) MDV is subject to civil and commercial law with respect to its obligations under the transaction documents, the transactions contemplated hereby and thereby constitute private and commercial acts done for private and commercial purposes and it is not entitled to immunity on the grounds of

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**GOVERNMENT OF MALAYSIA**

---

sovereignty or otherwise from any legal action or proceeding (which may include, without limitation, suits, attachment prior to judgment, execution or other enforcement in Malaysia).

- (g) 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 MDV enforceable in accordance with its terms.
- (h) Such other representations and warranties as may be advised by the Legal Counsel.

Events of Default

: Including but not limited to the following:

- (a) MDV makes default in the payment of any payments in respect of the IMTN and/or the transaction documents when the same shall become due and payable in accordance with the transaction documents.
- (b) MDV shall fail to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement has been made to any appropriate appellate court within the time prescribed by law or such appeal has been dismissed and in the case of any judgement obtained in default of appearance no application has been made to set such judgement aside within thirty (30) days of MDV becoming aware of the judgement.
- (c) A distress or execution or other process is levied or enforced upon or brought against any part of the chattels or property of MDV pursuant to a judgement obtained against such party, which has a material adverse effect on MDV, and is not paid out, withdrawn or discharged within thirty (30) days of such distress or execution.
- (d) MDV is unable to pay its debts within the meaning of Section 218(2) of the Companies Act 1965, or enters into any composition or arrangement with or for the benefit of the creditors of MDV (including pursuant to Section 176 of the Companies Act) or a moratorium is agreed or declared in respect of or affecting all or a part of the borrowed money of MDV.
- (e) An encumbrancer takes possession or a receiver or similar officer is appointed over the whole or a

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---

substantial part of the assets or undertaking of MDV.

- (f) MDV commits any breach of or omits to observe any of the obligations, undertakings or covenants expressed to be assumed by it under any of the transaction documents (other than a failure as referred to in paragraph (a) above) and in respect of any such breach or omission which is capable of remedy, the Trustee does not determine, within thirty (30) days after the Trustee has issued a notice to MDV requiring the same to be remedied, that:-
  - (i) it has been so remedied to the Trustee's satisfaction; or
  - (ii) the breach in question does not materially prejudice the interests of the holders of the IMTN.
- (g) Any representation and warranty made or repeated by or in respect of MDV or in or pursuant to the Trust Deed or in any notice, certificate or statement referred to in or delivered under or in respect of the Trust Deed is or proves to have been incorrect or misleading in any material respect.
- (h) Any consent, authorisation, licence, approval or registration with or declaration to governmental or public bodies or authorities or courts (if any) required by MDV to authorise or required by MDV in connection with the execution, issue, sale, delivery, validity, enforceability or admissibility in evidence of any transaction documents or the performance by MDV of its obligations under any transaction document as the case may be, is modified to such degree as would be prejudicial to the interests of any holder of the IMTN or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect and such revocation, termination, expiry or non-renewal would be prejudicial to the interests of any holder of the IMTN.
- (i) Any provision of any of the transaction documents is or becomes invalid, illegal, unenforceable or void except (i) to the extent that such invalidity, illegality, unenforceability or voidness is the subject of a qualification in any legal opinion issued in respect of the transaction documents or (ii) where the Trustee certifies that such provision or event is not materially prejudicial to the interests of the

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**GOVERNMENT OF MALAYSIA**

---

holders of the IMTN.

- (j) MDV suspends or ceases or threatens to suspend or cease to carry on a material part of its business.
- (k) Any indebtedness of MDV becomes capable, in accordance with the relevant terms thereof, of being declared due prematurely by reason of a default by MDV in its obligations in respect of the same, or MDV fails to make any payment in respect thereof on the due date for such payment or if due on demand when demanded or the security for any such indebtedness becomes enforceable.
- (l) Any step or action is taken for the bankruptcy, winding up, dissolution or liquidation of MDV (including, without limitation, the presentation of a petition for the bankruptcy of or winding up against MDV or the making of any order or the passing of any resolution for the winding up, dissolution or liquidation of MDV).
- (m) MDV repudiates any of the transaction documents or MDV does or causes to be done any act or thing evidencing an intention to repudiate any of the transaction documents.
- (o) Such other events of default as may be advised by the Legal Counsel of the LA.

- Transferability : The IMTN are transferable.
- Compensation for late and/or default payment(s) (“Ta’widh”) : In the event of overdue payments of any amount due under the IMTN and/or the transaction documents, MDV shall pay the compensation (“Ta’widh”) on such overdue amount at the rate and manner prescribed by SC’s Syariah Advisory Council or such other relevant regulatory authorities from time to time in accordance with the principles of Syariah.
- Taxation : All payments by MDV shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law (in which event MDV shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made).
- Other Conditions : The IMTN shall at all times be governed by the guidelines

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**GOVERNMENT OF MALAYSIA**

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issued and to be issued from time to time by the SC, BNM or any other authorities in Malaysia having jurisdiction over matters pertaining to the IMTN and the Codes of Conduct.

- Governing Law : Laws of Malaysia.
- Jurisdiction : MDV shall unconditionally and irrevocably submit to the exclusive jurisdictions of the courts of Malaysia.