

## 1. BACKGROUND INFORMATION

### (a) Issuer

(i) Name : Perdana ParkCity Sdn Bhd (“**Perdana ParkCity**” or Issuer).

(ii) Address : Registered Office Address:

Suite 16-10, 16th Floor, Wisma UOA II  
No. 21, Jalan Pinang  
50450 Kuala Lumpur

Business Address:

Lot FF 28, The Waterfront@ParkCity  
5, Persiaran Residen, Desa ParkCity  
52200 Kuala Lumpur

(iii) Business Registration No. : 33751-K

(iv) Date/Place of Incorporation : 29 June 1977 / Kuala Lumpur, Malaysia.

(v) Date of Listing (in case of a public listed company) : Not applicable.

(vi) Status  
• Resident/non-resident controlled company : Resident controlled company.

• Bumiputera/non-Bumiputera controlled company : Non-Bumiputera controlled company.

(vii) Principal Activities : Property development and investment holding.

- (viii) Board of Directors : The Board of Directors of the Issuer as at 12 July 2011 is as follows:

Name	Nationality	I/C No./Passport No.
Yaw Chee Siew (Chairman)	Malaysian	621229-13-5619
Yaw Chee Ming	Malaysian	590313-13-5081
Lee Liam Chye	Malaysian	530414-06-5065
Yaw Nyuk Ling	Malaysian	671029-13-5230
Yaw Chee Weng	Malaysian	640324-13-5573
Tuan Haji Wan Morshidi bin Tuanku Abdul Rahman	Malaysian	341126-13-5003
Ong Aun Kung	Malaysian	550518-07-5135

- (ix) Structure of shareholdings and name of shareholders or, in case of a public company, names of all substantial shareholders : The details of the Issuer's shareholding structure as at 12 July 2011 are summarised as follows:

Ordinary Shareholders	Country of Incorporation	No. of Ordinary Shares	%
Samling Strategic Corporation Sdn Bhd ("SSC")	Malaysia	2,500,000	45.0
Perkapalan Damai Timur Sdn Bhd ("PDT")	Malaysia	1,666,666	30.0
Yaw Holding Sdn Bhd ("YHSB")	Malaysia	1,388,888	25.0

Redeemable Preference Shareholder	Country of Incorporation	No. of Redeemable Preference Shares	%
SSC	Malaysia	300,000	100.0

Class B Redeemable Preference Shareholder	Nationality	No. of Class B Redeemable Preference Shares	%
Yaw Chee Siew	Malaysian	500,000	100.0

- (x) Authorised and paid up capital : Authorised capital as at 12 July 2011

RM16,000,000 divided into 14,000,000 ordinary shares of RM1.00 each ("**Ordinary Shares**"); 1,000,000 redeemable preference shares of RM1.00 each ("**Redeemable Preference Shares**") and 1,000,000 Class B redeemable preference shares of RM1.00 each ("**Class B Redeemable Preference Shares**").

Issued and paid-up share capital as at 12 July 2011

RM5,555,554 of 5,555,554 Ordinary Shares, RM300,000 of 300,000 Redeemable Preference Shares and RM500,000 of 500,000 Class B Redeemable Preference Shares.

## 2. PRINCIPAL TERMS AND CONDITIONS

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

- (i) Principal Adviser(s) / Lead Arranger(s) : OCBC Bank (Malaysia) Berhad ("OCBC") (Company No. 295400-W).
- (ii) Arranger(s) : Not applicable.
- (iii) Valuers : Not applicable.
- (iv) Solicitors : Messrs. Kadir, Andri & Partners.
- (v) Financial Adviser : Not applicable.
- (vi) Technical Adviser : Not applicable.
- (vii) Guarantor : Not applicable.
- (viii) Trustee : Equity Trust (Malaysia) Berhad.
- (ix) Facility Agent and Security Agent : OCBC.
- (x) Primary Subscriber(s) and Amount subscribed (where applicable) : Not applicable.
- (xi) Underwriter(s) and amount underwritten : Not applicable.
- (xii) Central Depository : Bank Negara Malaysia ("BNM").
- (xiii) Paying Agent : BNM.
- (xiv) Reporting Accountant : Not applicable.
- (xv) Others (please specify) : Lead Manager  
OCBC.  
  
: Senior Notes Subscribers and Subordinated Notes Subscribers (collectively the "Subscribers" or each a "Subscriber")

	Commitment Amount (RM' Million)
<u>Senior Notes Subscribers</u>	
OCBC	200.0
Great Eastern Life Assurance (Malaysia) Berhad	<u>400.0</u>
	<u>600.0</u>
<u>Subordinated Notes Subscriber</u>	
Yaw Chee Siew	200.0

- (b) Facility Description : Medium term notes of up to RM800.0 million in nominal value comprising senior medium term notes of up to RM600.0 million in nominal value ("Senior Notes") and subordinated medium term notes of up to RM200.0 million in nominal value ("Subordinated Notes") (collectively "Notes") to be issued pursuant to a medium term notes programme ("Proposed MTN Programme").
- (c) Issue size : Up to RM800.0 million nominal value Notes comprising the following series:-

Senior Notes

<u>Series</u>	<u>Tenure/Maturity</u>	<u>Nominal Value</u>
Series 1	3-year	RM100.0 million
Series 2	5-year	RM200.0 million
	7-year	RM150.0 million
Series 3	3-year	RM150.0 million

Subordinated Notes

<u>Series</u>	<u>Tenure/Maturity</u>	<u>Nominal Value</u>
Series 1	5-year	RM 50.0 million
Series 2	7-year	RM150.0 million

Note: Issuance of Senior Notes Series 1 is subject to the refinancing of the Maybank Facility (as defined herein).

- (d) Issue price : The Notes will be issued at par and the issue price is calculated in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear") dated 17 February 2011, as amended and substituted from time to time ("MyClear OPSS").
- (e) Tenor of the facility/issue : Tenor of the Proposed MTN Programme  
The Proposed MTN Programme shall have a tenor of up to ten (10) years from the date of the first issuance of Notes ("Issue Date"), of which the first issuance shall be within one (1) month upon compliance of the conditions precedent for issuance.

Tenor of the Notes

The maturities of the Senior Notes and Subordinated Notes are as follows, provided always that the maturity of the Notes does not extend beyond the expiry date of the Proposed MTN Programme:-

	Months from Respective Issue Date	Repayment Amount (RM' Million)
<u>Senior Notes</u>		
Series 1 : 3-Year	36	100.0
Series 2 : 5-Year Series 2 : 7-Year	60	200.0
	84	150.0
Series 3 : 3-Year	36	150.0

	Months from Respective Issue Date	Repayment Amount (RM' Million)
<u>Subordinated Notes</u>		
Series 1 : 5-Year	60	50.0
Series 2 : 7-Year	84	150.0

The Notes are to be redeemed in full on the maturity date of the respective series or via the Redemption Amount as detailed in clause (j) and (x)(v) herein.

(f) Coupon rate

: Senior Notes

Option 1 – Fixed Rate

- 3-year - 0.875% per annum above the Reference Bank and/or the Senior Notes Subscribers' 3-year Fixed Rate Cost of Funds ("COF").
- 5-year - 0.875% per annum above the Reference Bank and/or the Senior Notes Subscribers' 5-year Fixed Rate COF.
- 7-year - 0.875% per annum above Reference Bank and/or the Senior Notes Subscribers' 7-year Fixed Rate COF.

Option 2 – Floating Rate

1.00% per annum above the respective Senior Notes Subscribers' 3-month COF.

The selection of the above coupon rate option to be determined at the point of issuance and the fixed or floating rate as opted shall be applicable throughout the tenure of the Senior Notes.

Option 2 – Floating Rate is only applicable to Series 1 and Series 3 for a nominal amount of up to RM200.0 million only.

Definitions

Reference Bank refers to OCBC.

Fixed Rate COF/COF means the cost incurred by the Reference Bank/the respective Senior Notes Subscribers in obtaining funding in the relevant inter-bank market or deposits for the relevant financing period plus the cost of maintaining statutory reserves and complying with the liquidity and any other requirements imposed from time to time and at any time by BNM (if applicable), or any appropriate regulatory authority as well as the administrative costs of the Reference Bank/Subscribers. The Fixed Rate COF/COF shall be determined by the Senior Notes Subscribers at the point of issuance.

Subordinated Notes

- 5-year - To be determined at the time of issuance.
- 7-year - To be determined at the time of issuance.

- (g) Coupon payment frequency : Senior Notes  
Quarterly in arrears.

Coupon is payable on the last day of every period of three (3) months ("Coupon Payment Date") from the issue dates of the respective series of the Senior Notes. The Coupon Payment Date shall not extend beyond the maturity dates of the Senior Notes.

Subordinated Notes

The coupon will only be payable upon redemption of the respective series of the Subordinated Notes at their respective maturity dates.

- (h) Coupon payment basis : The coupon shall be calculated based on actual number of days elapsed and a year of 365 days.
- (i) Yield to maturity : To be determined upon the issuance of each Notes.
- (j) Security/Collateral : The Senior Notes shall be secured by the following to be shared by all the series of the Senior Notes on a pari passu basis:-

1. First legal charge over the 51,194 sq metres of development land ("Charged Land 1") for the development of residential properties located within Desa Park City, as detailed below:-

<u>Residential Land</u>	<u>Title Particulars</u>		<u>Area (sq metres)</u>
Residential 13	GRN 71421	Lot 61964	16,615
Residential 4 (Westside Two)	HSD 117061	PT 25951	17,286
Residential 4 (Westside Three)	HSD 117062	PT 25952	17,293
			<u>51,194</u>

2. First legal charge over the 263,897 sq metres of development land ("Charged Land 2") for the development of residential and commercial properties located within Desa Park City, as detailed below:-

a)	<u>Residential Land</u>	<u>Title Particulars</u>		<u>Area (sq metres)</u>
	Residential 9	GRN 60325	Lot 62179	31,130
	Residential 10	GRN 71386	Lot 62199	22,720
	Residential 14	GRN 60309	Lot 62170	26,640
	Safa Condo	GRN 60556	Lot 62141	12,600
	Sector A	GRN 68372	Lot 66788	18,940
	Sector A	GRN 67638	Lot 66945	3,832
				<u>115,862</u>
b)	<u>Commercial Land</u>			
	Commercial 2	GRN 60323	Lot 62176	33,420
	Commercial 3	GRN 60310	Lot 62172	68,800
	Commercial 4&5	HSD 110492	PT 22357	45,815
				<u>148,035</u>
Total (A)+(B)				<u><u>263,897</u></u>

3. First legal charge over the 124,561 sq metres of development land ("Charged Land 3") for the development of residential and commercial properties located within Desa Park City, as detailed below:-

a)	<u>Residential Land</u>	<u>Title Particulars</u>		<u>Area (sq metres)</u>
	Residential 5	GRN 70125	Lot 64577	45,158
	Residential 5	GRN 70127	Lot 64575	649
	Residential 8	GRN 69269	Lot 61943	20,180
	Residential 11	GRN 71385	Lot 62198	18,620
	Sector B – lot	GRN 69495	Lot 66947	13,141
				<u>97,748</u>
b)	<u>Commercial Land</u>			
	Commercial 7	GRN 60326	Lot 62164	18,718
	Petrol Kiosk	HSD 102603	PT 17498	4,047
	Petrol Kiosk	HSD 102604	PT 17499	4,048
				<u>26,813</u>
	Total (A)+(B)			<u><u>124,561</u></u>

Notes:

- Charged Land 1 is only applicable in the event Series 1 is issued.*
  - Charged Land 3 is only applicable in the event Series 3 is issued.*
  - Charged Land 1, Charged Land 2 and Charged Land 3 are collectively referred to as "Charged Lands".*
  - The first legal charges on the Charged Lands shall be collectively referred to as the "Legal Charges".*
4. First legal charge or assignment over the Designated Accounts (as defined herein).

5. Such other security arrangement as advised by the Solicitors.

Redemption/Disclaimer of Security Interest by the Security Agent

The end-buyers and/or end-financiers shall be entitled to redeem their properties from the Security Agent, which has a first legal charge over the residential and commercial properties to be developed on the Charged Lands by paying to the Security Agent a redemption amount based on 20% of the sales price of the respective residential and commercial properties ("Redemption Amount"), as to be computed by the Facility Agent.

The Redemption Amount shall be deposited into the Redemption Account (as defined herein), to be utilised in accordance with the payment obligations as provided therein.

Subordinated Notes

Unsecured basis.

- (k) Details on utilisation of proceeds : Senior Notes  
The proceeds from the issuance of the Senior Notes shall be utilised as follows:
1. Up to RM100.0 million under Series 1 to refinance the Issuer's existing facilities with Malayan Banking Berhad ("Maybank") ("Maybank Facility") and any surplus thereafter shall be used to finance the Issuer's working capital requirements.
  2. Up to RM500.0 million under Series 2 and Series 3 shall be used to finance the Issuer's working capital needs in relation to the residential projects and commercial properties development as well as general working capital needs in relation to any acquisitions and internal corporate restructuring/reorganisation to be undertaken by the Issuer and/or its shareholders.
- Subordinated Notes  
The Subordinated Notes shall be issued by the Issuer for the settlement of outstanding Class B Redeemable Preference Shares dividends payable to the Subordinated Notes Subscriber.
- (l) Sinking fund (if any) : None.
- (m) Rating
- i. Credit rating assigned : The Notes will not be rated. The provisions relating to non-rated issue as stated under Paragraph 7.02 of the Guidelines on the Offering of Private Debt Securities have been complied with.
  - ii. Name of rating agency : Not applicable.
- (n) Form and denomination : The Notes will be in bearer form. Each issuance of the Notes shall at all times be represented by a global certificate (exchangeable for definitive certificates only in limited circumstances) in accordance with MyClear OPSS and/or any other procedures or guidelines issued by the relevant authority(ies). The global certificate shall be deposited with BNM. No physical delivery of the Notes will be permitted.
- Denomination  
Issuance of the Notes shall be in accordance with the MyClear OPSS, subject to such exemptions (if any) granted from time to time. The Notes will be issued in multiples of RM1,000,000, but subject to the MyClear OPSS or any other procedures or guidelines issued by the relevant authority(ies) and other standard conditions including, without limitation, the following:
- (i) a minimum size of RM5,000,000 for each issue; and
  - (ii) the issue notice shall be given to the Facility Agent at least six (6) business days prior to and excluding the date of proposed issue.
- (o) Mode of issue : The Notes will be issued via private placement without prospectus to the Subscribers.



- (p) Selling restrictions : The Notes may not be offered or sold, directly or indirectly, nor any document or other material in connection therewith be distributed in Malaysia or anywhere else, other than to a single person/entity falling within any of the following categories of persons :-

At Issuance

- (i) Section 4 (6) of the Companies Act, 1965, as may be amended from time to time; and
- (ii) a. Schedule 6 or Section 229 (1) (b); or  
b. Schedule 7 or Section 230 (1) (b); and  
c. Schedule 9 or Section 257 (2);  
of the Capital Markets and Services Act, 2007 ("CMSA"), as may be amended from time to time.

Selling Restrictions thereafter

Not applicable as the Notes are non-transferable and non-tradable.

- (q) Listing status : The Notes will not be listed on Bursa Malaysia Securities Berhad ("Bursa Securities") or any other stock exchange.
- (r) Minimum level of subscription : 100% failing which the issue shall be aborted and any consideration received for the purpose of the subscription will be returned to the Subscribers.
- (s) Other regulatory approvals required in relation to the issue, offer of invitation and whether or not obtained. : Not applicable.
- (t) Conditions Precedent : Conditions precedent typical and customary for facility of this nature which shall include but not limited to the following and receipt by the Principal Adviser and the Facility Agent of the following documents or evidence (all in form and substance acceptable to the Principal Adviser and/or Facility Agent):-
- (a) satisfactory completion and execution of all relevant legal documentation ("Issue Documents") and any other necessary documents which shall have been stamped or duly endorsed as exempted from stamp duty under the Stamp Duty Exemption (No 23) Order 2000 and amended by Stamp Duty Exemption (No 3) (Amendment) Order 2005;
- (b) certified true copies of the Certificate of Incorporation, Memorandum and Articles of Association, latest Forms 24, 44 and 49 of the Issuer;
- (c) certified true copy of Board Resolution of the Issuer authorising, among others, the establishment of the Proposed MTN Programme and issuance of the Notes and the execution of the Issue Documents;
- (d) a list of the Issuer's authorised signatories and their respective specimen signatures;
- (e) a report of the relevant company search of the Issuer;

- (f) a report of the relevant winding-up search conducted on the Issuer or the relevant statutory declaration of the Issuer;
- (g) the approval from the Securities Commission ("SC") in respect of the Notes and the compliance with all conditions of such approval, where applicable;
- (h) the payment of all fees and expenses in respect of the Notes;
- (i) receipt of satisfactory legal opinion from the Solicitors, to be addressed to the Facility Agent:-
  - (i) advising with respect to, among others, the legality, validity and enforceability of the Proposed MTN Programme and the Issue Documents; and
  - (ii) confirming that all the conditions precedent have been duly fulfilled or waived.
- (j) opening of the Designated Accounts (as defined herein) with OCBC and the deposit of the Minimum Balance (as defined herein) in the DSRA (as defined herein);
- (k) receipt of a valuation report on the Charged Lands from a firm of valuer acceptable to the Principal Adviser and Senior Notes Subscribers confirming the Open Market Value of the Charged Lands ("OMV"). The OMV shall provide a LTV Ratio (as defined herein) of 65% of the nominal value of the Senior Notes to be issued in accordance with the Issuance Conditions clause. The date of the valuation report must not be more than 6 months old prior to the Issue Date and the report is to be addressed to the Security Agent and undertaken for the purposes of financing;
- (l) in respect of Senior Notes Series 1, receipt of redemption statement cum undertaking from Maybank which comprises:
  - (i) stating the amount payable to Maybank to redeem and discharge all encumbrances created over and/or affecting the Charged Lands;
  - (ii) undertaking to execute all deeds of discharge/releases in respect of charges/encumbrances created over and/or affecting the Charged Lands and to release the same together with the original title to the Charged Lands to the Facility Agent or its order immediately upon receipt of the redemption sum; and
  - (iii) undertaking to refund the redemption amount in the event the discharges of the charges and/or encumbrances created over and/or affecting the Charged Lands cannot be registered or perfected;
- (m) satisfactory legal due diligence on the Charged Lands shall have been completed and acceptable to the Lead Arranger; and
- (n) any other conditions as may be advised by the Solicitors.

- (u) Representations and Warranties : The representations and warranties typical and customary for transaction of this nature which shall include but not be limited to the following:-
- (a) the Issuer is a company duly established and validly existing under the laws of Malaysia and has the power and authority to own assets and to carry on its business;
  - (b) the Issuer has the power to enter into, exercise its rights and perform its obligations under the respective Issue Documents;
  - (c) all necessary actions, authorisations and consents required under the respective Issue Documents have been taken, fulfilled and obtained and will remain in full force and effect;
  - (d) no Material Adverse Effect (as defined herein) in the business condition (financial or otherwise), operations, performance, properties or prospects of the Issuer;
  - (e) the Issue Documents constitute valid, binding and enforceable obligations of the Issuer in accordance with their respective terms;
  - (f) the Issuer's entry into, exercise of its rights and performance of its obligations under the respective Issue Documents do not and will not violate any existing law or agreement to which it is a party;
  - (g) there is no litigation or arbitration that will materially and adversely affect the ability of the Issuer to perform its obligations under the Issue Documents to which it is a party;
  - (h) the audited financial statements of the Issuer of each of its financial year have been prepared on a basis consistently applied in accordance with the approved accounting standards in Malaysia and give a true and fair view of the results of its operations for that year and the state of its affairs at that date;
  - (i) the Issuer is in compliance and will comply with any applicable laws and regulations;
  - (j) no event which would constitute a contravention of or default under the Issue Documents has occurred; and
  - (k) any other representations and warranties as may be advised by the Solicitors.

"Material Adverse Effect" means, in relation to any event, the occurrence of which may materially and adversely affect (i) the ability of the Issuer to perform any of its obligations under the Senior Notes and/or (ii) the financial position and/or business of the Issuer; and (iii) total loss on any of the Charged Lands which in the reasonable opinion of the Security Agent would significantly impair the ability of the Senior Notes to be serviced.

- (v) Events of Default : Events of default typical and customary for transaction of this nature which shall include but not limited to the following:-
- (a) any default in payment of any principal, interest or such other amounts due and payable under the Senior Notes;
  - (b) a winding-up order has been made against the Issuer or a resolution to wind up the Issuer has been passed;
  - (c) a receiver has been appointed over the whole or a substantial part of the assets of the Issuer;
  - (d) a breach by the Issuer of any term or condition in the Senior Notes or provision of the trust deed or any other document relating to the issue, offer or invitation in respect of the Senior Notes;
  - (e) any other indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of a declaration of a default or event of default, however described, or where the security created for any other indebtedness becomes enforceable;
  - (f) a revocation, withholding or modification of a license, authorisation or approval that impairs or prejudices the Issuer's ability to comply with the terms and conditions of the Senior Notes or the provisions of the trust deed or any other document relating to the issue, offer or invitation in respect of the Senior Notes;
  - (g) any representation or warranty made or implied under any provision of the Issue Documents or any information, notice, opinion or certificate or other document delivered pursuant to the terms of the Issue Documents proves to have been materially incorrect or misleading in particular deemed to be material by the Trustee as of the date at which made or deemed made;
  - (h) the Issuer enters into or proposes to enter into, or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspensions of payments generally (other than for the purposes of and followed by a reconstruction previously approved in writing by the Trustee, unless during or following such reconstruction it becomes or is declared to be insolvent) or where there is a scheme of arrangement under section 176 of the Companies Act 1965 has been initiated by or against the Issuer;
  - (i) any provision of the Issue Documents is or becomes (or is bona fide claimed by the Issuer or any other person to be or to have become) unenforceable for any reason whatsoever;
  - (j) the Issuer ceases or threatens to cease to carry on all or a substantial part of its business;
  - (k) the Issuer becomes insolvent or commits an act of insolvency or is unable to pay its debts as they fall due or any judgment or judgments is or are obtained against the Issuer;

- (l) the Issuer repudiates any of the Issue Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Issue Documents;
  - (m) 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 reasonable opinion of the Security Agent has a Material Adverse Effect; and
  - (n) any other events which may be advised by the Solicitors.
- (w) Principal terms and conditions for warrants (where applicable) : Not applicable.
- (x) Other principal terms and conditions for the issue :
- i. Status : Senior Notes  
 The Senior Notes shall constitute direct, unconditional and secured 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 secured and unsubordinated obligations of the Issuer, subject to those preferred by law.  
  
Subordinated Notes  
 The Subordinated Notes shall constitute direct and unsecured obligations of the Issuer, subordinated to the Senior Notes in right and priority of payment, ranking pari-passu without any preference or priority among themselves, subject to those preferred by law.
  - ii. Availability Period : 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, the Proposed MTN Programme shall be available for utilisation after the full compliance of the conditions precedents as confirmed by the Solicitors unless further extended by the Subscribers at their sole discretion.
  - iii. Mandatory Repayment : Senior Notes  
 In the event of an outright disposal/sale of any of the Charged Lands which have a first legal charge, all sales proceeds from such disposal/sale shall be used for the redemption of the Senior Notes in inverse order of maturity.  
  
 For the avoidance of doubt, the provision herein shall not be applicable for disposal/sale of any of the Charged Lands which have a first legal charge arising from any corporate exercises involving any acquisition and internal restructuring/reorganisation within Samling Group (as defined herein) subject to the Legal Charges being in full force and effect. In the event there are any changes to the registered ownership of the Charged Lands which will have an impact on the Legal Charges, such corporate exercise(s) shall be subject to Senior Notes Subscribers' approval, the consent of which shall not be unreasonably withheld and the creation of the new charge(s) over the Charged Lands by the respective new registered owner(s).

Samling Group is defined as:

- (i) YHSB;
- (ii) its related companies which means the corporation which is deemed related to another corporation under Section 6 of the Companies Act 1965 and in the case of the Issuer, a company related to the Issuer shall include any corporation within the Samling Group;
- (iii) its shareholders or any member of those shareholders' family;
- (iv) its directors or any member of those directors' family;
- (v) any corporation in which any of the abovementioned persons have a controlling interest; or
- (vi) any trust in respect of which any of the abovementioned persons are beneficiaries of a majority interest, or a trustee acting for the benefit of that trust (excluding a trustee acting in its personal capacity or in any capacity where any of the abovementioned persons have no interest),

and for the purposes hereof, the term "member of the shareholders' family" and "member of the directors' family" shall refer to such persons as referred to under Section 122A(2) of the Companies Act 1965 and "controlling interest" in respect of a public company refers to the entitlement to exercise or control the exercise of at least 30% of the voting shares of that company and "controlling interest" in respect of a private company refers to the entitlement to exercise or control the exercise of more than 50% of the voting shares of that company.

#### Subordinated Notes

No mandatory repayment conditions.

- iv. Voluntary Early Redemption : Senior Notes  
The Issuer is allowed to make voluntary early redemption of the Senior Notes, subject to the following:-

#### Floating Rate

- i. a minimum of RM5.0 million and a multiple of RM1.0 million thereof; and
- ii. on Coupon Payment Date; and
- iii. the Issuer giving not less than 30 days prior irrevocable notice to the Facility Agent.
- iv. In the event that condition (i), (ii) & (iii) above are not complied, the Issuer will be charged an early redemption fee of 1.0% per annum on the amount so repaid, calculated from the date of such early redemption date to the respective maturity dates of the Senior Notes or any break-funding costs to be incurred by the Senior Notes Subscribers, whichever is higher.

#### Fixed Rate

- i. A minimum of RM20.0 million and a multiple of RM5.0 million thereof; and
- ii. on Coupon Payment Date ;and
- iii. the Issuer giving not less than 30 days prior irrevocable notice to the Facility Agent; and

- iv. the Issuer shall bear all break-funding costs to be incurred by the Senior Notes Subscribers to be calculated based on the formula below or an early redemption fee of 1.0% per annum on the amount prepaid, calculated from the date of such early redemption date to the respective maturity dates of the Senior Notes, whichever is higher.

The Issuer shall, together with the amount of the Senior Notes to be prepaid, pay to the Senior Notes Subscribers, a break funding cost as compensation which shall be conclusively determined by the Facility Agent in accordance with the following formula together with any other costs or expenses incurred by the Senior Notes Subscribers:

$$Y = Z \times (\text{COF1} - \text{COF2}) \times T$$

where:

Y = the amount of break funding cost payable;

Z = the amount to be prepaid;

COF1 = the Fixed Rate COF of the Senior Notes;

COF2 = the Fixed Rate COF for the remaining tenor; and

T = the remaining tenor divided by 365.

or based on such other method of calculation as may be adopted by the Senior Notes Subscribers from time to time at its absolute discretion. If for any reason the compensation sum is a negative value, the Issuer shall not be entitled to make any claim on the Senior Notes Subscribers in relation thereto.

The amount of such break funding costs shall be payable to the Senior Notes Subscribers on the prepayment date or within five (5) Business Days (or such other periods as may be stipulated by the Facility Agent) from the notice of such prepayment.

The voluntary early redemption amount shall be applied in the inverse order of maturity of the Senior Notes and the nominal value of the Senior Notes shall be reduced by the amount redeemed. Any amount redeemed shall not be reissued.

#### Subordinated Notes

Voluntary early redemption of the Subordinated Notes are not allowed until and unless the Senior Notes are fully redeemed.

- v. Designated Accounts : Collectively, the Debt Service Reserve Account and Redemption Account. The Designated Accounts are to be opened and maintained by the Issuer with OCBC and to be operated solely by the Facility Agent.

#### Debt Service Reserve Account ("DSRA")

The Issuer shall deposit an amount equivalent to the next immediate quarterly coupon payment ("Minimum Balance") under the Senior Notes in the DSRA. In the event any amount in the DSRA is utilised for the servicing of coupon payments under the Senior Notes, the Issuer shall top up the credit balance in the DSRA up to an amount equivalent to the next quarterly coupon payment due on the Senior Notes within 30 days.

Upon redemption of the Subordinated Notes Series 1, the Issuer will maintain an amount equivalent to the next immediate two quarterly coupon payments under the Senior Notes in the DSRA.

#### Redemption Account

The Redemption Account shall capture the Redemption Amount received from the end-financiers/end-purchasers of the residential properties and commercial properties to be developed on the Charged Lands which have a first legal charge.

The funds in the Redemption Account shall be applied towards early redemption of the Senior Notes ("Mandatory Early Redemption") in direct order of maturity on Coupon Payment Date and the nominal value of the Senior Notes shall be reduced by the amount redeemed. Any amount redeemed shall not be reissued.

- vi. Interest on Late Payment : In the event of any overdue payment of any sums due under the Notes, the Issuer shall pay compensation at the rate of 1% per annum above the Coupon Rate of the Notes.
- vii. Issuance Conditions : Senior Notes  
Issuance of the Senior Notes is subject to compliance of the conditions precedent stated herein to the satisfaction of the Facility Agent and Senior Notes Subscribers and the nominal value of the Senior Notes to be issued shall be not more than 65% of the OMV of the Charged Lands. The first issuance shall occur within 1 month after the full compliance of the conditions precedent as confirmed by the solicitor unless further extended by the Senior Notes Subscribers at their sole discretion.

#### Subordinated Notes

Issuance of the Subordinated Notes is subject to compliance of the conditions precedent stated herein.

- viii. Financial Covenants : The Issuer shall comply with the following financial covenants, which shall include the following:-
  - (a) Loan to Value Ratio ("LTV Ratio")  
The Issuer is required to maintain a Loan-to-Value ("LTV") Ratio of not more than 70% throughout the life of the Senior Notes.  
  
The LTV Ratio shall be calculated as the ratio of the outstanding nominal value of the Senior Notes to the OMV of the Charged Lands.  
  
The LTV Ratio shall be tested on an annual basis as follows:-
    - (a) the first annual test shall be done prior to the Issue Date based on OMV of the Charged Lands in the latest valuation report to be provided by independent valuer acceptable to the Lead Arranger and Senior Notes Subscribers;
    - (b) subsequent tests shall be done on each anniversary from the Issue Date based on desktop / update / new valuation reports to be provided by independent valuer acceptable to the Facility Agent and Senior Notes Subscribers; or
    - (c) as and when reasonably requested by the Facility Agent and Senior Notes



### Subscribers.

The Issuer shall unconditionally and irrevocably undertake that in the event of a breach of the LTV Ratio, to restore the LTV Ratio to the required level of 70% within thirty (30) business days from the receipt of a written notice from the Facility Agent or the Issuer becoming aware of such breach, whichever is earlier.

#### (b) Gearing Ratio

The Issuer is required to maintain a Debt to Equity ("DE") ratio of not more than 2.25 times.

DE ratio is defined as all indebtedness of the Issuer, comprising all indebtedness for borrowed monies and finance lease obligations but excludes any inter-company loans/advances that are subordinated to the Senior Notes and the Subordinated Notes over the Shareholders' Funds.

Shareholders' Funds is defined as total paid-up capital and reserves (excluding revaluation reserves) plus subordinated shareholders' debts and the Subordinated Notes as referred to herein. All shareholders' advances shall be subordinated to the Senior Notes.

#### (c) Debt Service Coverage Ratio ("DSCR")

The Issuer is required to maintain a minimum Debt Service Coverage Ratio of 1.75 times at all times.

The DSCR computation is in accordance with the following formula :

$$\text{DSCR} = (\text{Total Opening Cash Balances} + \text{Net Operating Cash Flow in the Financial Year}) / (\text{Principal Due} + \text{Interest or Coupon Payments Due on the Senior Notes in the Financial Year})$$

where :

Total Opening Cash Balances is the total cash balances of Issuer including the cash amounts in the Redemption Account, Housing Development Accounts and the DSRA at the beginning of Financial Year.

Net Operating Cash Flow in the Financial Year is the Net Cash from Operating Activities (i.e. excluding or before the Cash Flows for Investing and Financing Activities) for the Financial Year as per the audited financial statements.

Principal Due on the Senior Notes is calculated based on the scheduled principal maturities of Issuer's total indebtedness (if any) less the cumulative redemptions made as at the beginning of the Financial Year. In the event that the cumulative redemptions made as at the beginning of the Financial Year have exceeded the scheduled principal maturities, then the Principal Due is deemed nil.

Interest or coupon payments due in the financial year is the total interests paid for Issuer's total indebtedness during the financial year.

The first DSCR computation shall be tested based on the audited financial statements of the Issuer for Financial Year Ending 30 June 2013.

- ix. Positive Covenants : The Issuer shall provide the following positive covenants, which shall include but are not limited to the following:-
- (a) maintain a Shareholders' Funds of at least RM300.0 million during the tenure of the Notes;
  - (b) ensure that the Issuer's shareholding structure remains unchanged during the tenure of the Notes, save and except for purposes of any corporate exercises involving any acquisition and internal restructuring/reorganisation where the Issuer is ultimately at least 70% owned by the Samling Group;
  - (c) perform all material obligations under the Issue Documents;
  - (d) maintain an accounting system and keep adequate records in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia;
  - (e) comply with all applicable and relevant laws and regulations with regards to the Notes;
  - (f) exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others that all necessary approvals or relevant licenses are obtained;
  - (g) notify the Trustee immediately of:-
    - (i) any circumstances that has occurred that would materially prejudice the Issuer and any other matter that may materially prejudice the interests of the Subscribers;
    - (ii) any claims against it which could have Material Adverse Effect upon the ability of the Issuer to perform its obligations under the Issue Documents to which it is a party and shall defend itself against such claims;
    - (iii) any change in the withholding tax position or taxing jurisdiction of the Issuer insofar as it affects the payment obligations of the Issuer under the Trust Deed;
    - (iv) any change in the utilisation of proceeds from the Notes where any agreement entered into in connection with the issue, offer or invitation sets out a specific purpose for which proceeds are to be utilised;
    - (v) any substantial change in the nature of the business of the Issuer; and
    - (vi) any Event of Default or any right or remedy under the terms of the Notes or the Trust Deed shall have become immediately enforceable.
  - (h) maintain and keep proper books and accounts at all times in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia and provide the Trustee and any person appointed by it e.g. auditors access to such books and accounts to the extent permitted by law;

- (i) maintain a paying agent in Malaysia and procure that paying agent to notify the Trustee in the event the paying agent does not receive payment from the Issuer on the due dates as required under the Issue Documents; and
  - (j) such other covenants as may be advised by the Solicitors.
- x. Negative Covenants : Issuer undertakes that it shall not, without the prior written consent of the Senior Notes Subscribers:
  - (a) amend its Memorandum and Articles of Association in a manner inconsistent with the Issue Documents to which it is a party and/or which may have a Material Adverse Effect on the Issuer's ability to perform any of its obligations under the Issue Documents;
  - (b) reduce or in any way alter (except by way of an increase) its authorised and issued paid-up capital;
  - (c) enter into a transaction, whether directly or indirectly with interested persons unless such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons;
  - (d) incur, assume, guarantee or permit to exist any other indebtedness for borrowed monies without the prior written consent of the Senior Notes Subscribers;
  - (e) create any new security interest over the Charged Lands which have a first legal charge upon the Issue Date;
  - (f) make any distribution to its shareholders if:-
    - i) the DSCR is below 1.75 times prior to and after the distribution; or
    - ii) an Event of Default has occurred, is continuing and has not been waived or an Event of Default will occur as a result of such payment or distribution; and
  - (g) such other negative covenants as may be advised necessary by the Solicitors.
- xi. Information Covenants : The Issuer shall provide to the Trustee the following:
  - (a) semi-annual unaudited management accounts of the Issuer within 90 days from the end of each half year;
  - (b) year-end audited financial statements within 180 days from its financial year end, and such other information (financial or otherwise) as the Trustee may reasonably require from time to time;
  - (c) promptly, after receipt of such request from the Trustee, any other information relating to its business, affairs and financial condition as may from time to time be reasonably requested by the Trustee in order to discharge its duties and obligations as Trustee and/or the Subscribers, to the extent permitted by law;

- (d) promptly, any notices, circulars and other documents dispatched by the Issuer to its shareholders;
  - (e) a detailed plan to be submitted yearly, based on the format to be agreed with the Senior Notes Subscribers and to include, but not limited to, the Gross Development Value and the cashflow projections of the projected projects/units to be launched on the Charged Lands as well as semi-annual updates on the status of the said projects/units; and
  - (f) within 180 days after each of its financial year end, a certificate confirming that the Issuer has complied with all its obligations under the Issue Documents and is not in breach of any of them and no Event of Default has occurred since the date of the issue of the Notes or the date of the previous certificate, as the case may be or if an Event of Default has occurred, details of the same.
- xii. 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 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 the Issuer 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.
- xiii. Governing Laws : The Notes and the Issue Documents shall be governed by the Laws of Malaysia and be subject to the exclusive jurisdiction of the Courts of Malaysia.
- xiv. Currency : Ringgit Malaysia.
- xv. Issue Documents : The Issue Documents shall include the following:
  - (a) Programme Agreement;
  - (b) Trust Deed;
  - (c) Security documents;
  - (d) Securities Lodgement Form;
  - (e) Subscription Agreement; and
  - (f) Such other agreements as may be advised by the Solicitors.