

ISSUANCE OF UP TO RM800.00 MILLION NOMINAL VALUE MEDIUM-TERM NOTES (“MTNs”) PROGRAMME (“MTN PROGRAMME”)

PRINCIPAL TERMS AND CONDITIONS

2.01 BACKGROUND INFORMATION

(a) ISSUER

- (i) Name : Damansara Uptown Retail Centre Sdn Bhd (“**DURC**” or the “**Issuer**”)
- (ii) Address : 1201D, Level 12 Tower D, Uptown 5
No. 5 Jalan SS21/39
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
- (iii) Business registration number : 479515-V
- (iv) Date and place of incorporation : Incorporated in Malaysia on 22 March 1999.
- (v) Date of listing, where applicable : Not applicable.
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company : Resident controlled company.
- (vii) Principal activities : Property investment holding.
- (viii) Board of Directors : The Board of Directors of DURC as at 15 August 2013 i.e. latest practical date (“**LPD**”) are as follows;

Name	Resident Status	I/C No. / Passport No
Teo Soo Chew	Resident	480817-10-5487
Teo Soo Kiat	Non-Resident	E2429153E
Teo Chiang Khai	Resident	570703-10-5955
Teo Chae Koon	Resident	510502-10-5858
Teo Hsi Leang	Non-Resident	E3455411L

- (ix) Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders : Structure of shareholding and name of shareholder as at the LPD are as follows:

Name	No. of ordinary shares held	%
See Hoy Chan Sdn Berhad	3,295,000	100%

- (x) Authorised, issued and paid-up share capital : Authorised Capital as at the LPD:-
5,000,000 ordinary shares of RM1.00 each.
Issued and fully paid-up capital as at the LPD:-
3,295,000 ordinary shares of RM1.00 each.

- (xi) Disclosure of the following:
- if the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and : None
 - if the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application. : None

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(a) Names of parties involved in the Proposal (where applicable)

- (i) Principal Adviser : Public Investment Bank Berhad (20027-W) (“**PIVB**”)
- (ii) Lead arranger : PIVB.
- (iii) Co-arranger : Not applicable.
- (iv) Solicitor : Messrs. Albar & Partners
- (v) Financial Adviser : Not applicable.
- (vi) Technical Adviser : Not applicable.
- (vii) Bond Trustee : Not applicable.
- (viii) Guarantor :
 - 1. See Hoy Chan Sdn Berhad (2244-V) (“**SHCSB**”)
 - 2. Damansara Uptown Holdings Sdn Bhd (464628-A) (“**DUHSB**”)
 - 3. Damansara Uptown Seven Sdn Bhd (479509-W) (“**DUSSB**”)Each of the above Guarantors is to jointly & severally guarantee up to the amount more particularly set out in paragraph 2.02(i)(x) below.
- (ix) Valuer : Not applicable.
- (x) Facility Agent : PIVB.
- (xi) Primary subscriber (under a bought-deal arrangement) and amount subscribed : Not applicable.
- (xii) Underwriter and amount underwritten : Not applicable.
- (xiii) Central Depository : Bank Negara Malaysia (“**BNM**”)

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(xiv) Paying Agent : BNM.

(xv) Reporting Accountant : Not applicable.

(xvi) Calculation Agent : Not applicable.

(xvii) Others (please specify) : (a) Security Agent
PIVB

(b) Sole Investor
Public Bank Berhad (6463-H) ("**PBB**")

(c) Landowners

The Issuer, DUHSB and DUSBS are the registered proprietors of the Development Land (as defined under Item 2.02(i)(i) below) and each of the Issuer, DUHSB and DUSBS owns the undivided share in the Development Land in the following ratios:

(i) In respect of the Issuer, 473/826;

(ii) In respect of DUHSB, 157/826; and

(iii) In respect of DUSBS, 196/826.

(b) Facility description : Medium term notes ("**MTNs**") programme involving issuance of MTNs of up to RM800.0 million in nominal value ("**MTN Programme**"). The MTNs may be issued in one or more tranches and within each tranche one or more series may be issued.

For the avoidance of doubt, "series" shall mean MTNs having common issue date and common maturity date.

(c) Issue/debt programme size : The issue size of the MTN Programme is up to RM800.0 million in nominal value, provided that at any point in time, the aggregate nominal value of outstanding MTNs issued under the MTN Programme shall not exceed RM800.0 million in nominal value and subject to reduction upon respective maturity dates of the MTNs as specified under paragraph (d) below. Upon maturity of the MTNs on its respective maturity dates, the MTNs will be cancelled and cannot be reissued under the MTN Programme.

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- (d) Tenure of the issue/debt programme : Tenure of the MTN Programme
Up to one hundred and sixty nine (169) months commencing from the date of first issuance of the MTNs under the MTN Programme which shall be made within 6 months from the date of the Securities Commission Malaysia (“**SC**”)’s authorisation of the MTN Programme.

Tenure of Each MTN

Each MTN shall be issued for tenure of more than twelve (12) months and up to one hundred and sixty nine (169) months from 1st issuance date with the following maturity dates:

Tranche	Month from 1st Issuance Date	Nominal Value Of Issuance Amount (RM’Million)
1	49th	10
2	61st	20
3	73rd	30
4	85th	45
5	97th	45
6	109th	45
7	121st	45
8	133rd	45
9	145th	45
10	157th	45
11	169th	425
	Total	800

provided always that each issuance of MTNs shall be in direct order of maturity and no MTNs shall mature after the expiry of the MTN Programme.

- (e) Availability period of debt programme : The MTN Programme shall be made available for four (4) years from the date of the first issuance of MTNs under the MTN Programme.
- (f) Interest/Coupon rate : The coupon rates for the MTNs shall be determined prior to or at the point of each issuance.

The Issuer will be given the option to convert coupon chargeable on the MTN from floating-rate to fixed-rate for the remaining tenure of such MTN commencing from the Effective Coupon Date (as defined below) subject to the following :

- i) the Issuer giving the Sole Investor and the Facility Agent not less than forty five (45) days prior written irrevocable notice (“**Conversion Notice**”);

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- ii) each conversion will only take effect from the Effective Coupon Date;
- iii) each conversion must be for a minimum nominal value of MTNs of RM50.0 million;
- iv) total aggregate nominal value of outstanding fixed-rate MTNs shall not exceed RM400.0 million at any one time; and
- v) fixed coupon rate is to be determined by the Sole Investor at its absolute discretion at the point of conversion.

“Effective Coupon Date” shall mean such coupon payment date occurring immediately after the expiry of the period of forty five (45) days from the date of the Conversion Notice.

- (g) Interest/Coupon payment frequency : Payable monthly or bi-monthly or quarterly or semi-annually in arrears from the relevant issue date of the MTNs as requested by the Issuer and agreed to by the Sole Investor.
- (h) Interest/Coupon payment basis : Actual number of days elapsed based upon a 365-day year.
- (i) Security/Collateral, where applicable : The MTNs shall be secured against the following securities to be created in favour of the Security Agent:
 - (i) A legal charge under the provisions of the National Land Code over the freehold land held under issue document of title Geran 313147, Lot 60445 Seksyen 39 situated in Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor measuring approximately 8.9892 acres (excluding a parcel of land measuring approximately 11,310 square metres where a 9-storey car park block and 2 basement levels together with a hawker centre identified as “Uptown 7” is erected thereon bearing postal address Uptown 7, No. 7, Jalan SS21/39, Damansara Uptown, Damansara Utama, Petaling Jaya, Selangor Darul Ehsan (“**Uptown 7 Land & Buildings**”)) (hereinafter referred to as the “**Development Land**”) and buildings to be erected thereon (collectively referred to as “**the Project**” or “**Charged Property**”) (this legal charge shall rank pari passu in point of priority and security with the first legal charge created or to be created to secure sums due and payable under the Revolving Credit Facility (as defined in sub-paragraph (ii) below);

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- (ii) First party debenture creating third fixed and floating charges over all the Issuer's assets (excluding Uptown 7 Land & Buildings), both present and future which debenture shall rank pari passu in point of priority and security with the first and second debentures created to secure the bridging loan facility of RM30.0 million (whereby the cumulative drawings and subsequent re-drawings shall not exceed RM800.0 million) ("**Bridging Loan Facility**") and the revolving credit facility of RM20.0 million ("**Revolving Credit Facility**") respectively granted or to be granted by the Sole Investor to the Issuer;
- (iii) Third party debenture creating third fixed and floating charges over all DUHSB's assets (excluding Uptown 7 Land & Buildings), both present and future which debenture shall rank pari passu in point of priority and security with the first and second debentures created to secure the Bridging Loan Facility and the Revolving Credit Facility, respectively;
- (iv) Third party debenture creating third fixed and floating charges over all DUSSB's assets (excluding Uptown 7 Land & Buildings and a parcel of land held under issue document of title Geran 62139, Lot 71, Seksyen 39 situated in Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor measuring approximately 22,256 square metres where 684 car park bays (inclusive the car park bays at the driveway) are located on at Ground Floor (Level 1), Basement 1, Basement 2 and Basement 3 bearing postal address Uptown 5, No. 5, Jalan SS21/39, Damansara Uptown, Damansara Utama, Petaling Jaya, Selangor Darul Ehsan), both present and future which debenture shall rank pari passu in point of priority and security with the first and second debentures created to secure the Bridging Loan Facility and the Revolving Credit Facility, respectively;
- (v) First party assignment and charge over all the Issuer's rights title interest and benefit in and under the Designated Accounts (as set out in paragraph 2 (k) below) and all monies standing to the credit thereto;
- (vi) Third party assignment and charge by DUHSB over all DUHSB's rights title interest and benefit in and under the DUHSB Proceeds Account (as set out in

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paragraph 2 (k) below) and all monies standing to the credit thereto;

- (vii) An irrevocable letter of undertaking ("**Letter of Undertaking**") in form and substance satisfactory to the Sole Investor duly executed by SHCSB in favour of the Sole Investor and/or Security Agent whereby SHCSB undertakes:-
 - (a) to remain as the single shareholder (and the holding company) of the Issuer; and
 - (b) to provide financial assistance to cover any cost overrun of the Project;
- (viii) First party equitable assignment of all the Issuer's rights title interest and benefit in and under the rental proceeds due to the Issuer in respect of the Project (this first party assignment shall also secure sums due and payable under the Revolving Credit Facility);
- (ix) Third party equitable assignment by DUHSB of all DUHSB's rights title interest and benefit in and under the rental proceeds due to DUHSB in respect of the office tower comprised in the Project (hereinafter referred to as "**Office Tower**") (this third party assignment shall also secure sums due and payable under the Revolving Credit Facility);
- (x) Corporate guarantees of SHCSB, DUHSB and DUSSB, respectively whereby each of SHCSB, DUHSB and DUSSB is to jointly and severally guarantee the principal amount outstanding together with interest thereto payable under the MTN Programme of up to RM800.0 million;
- (xi) Priority and security sharing agreement to regulate the sharing of security between PBB in its capacity as the provider of the Bridging Loan Facility and the Revolving Credit Facility, and PBB in its capacity as the Sole Investor in respect of the MTN Programme; and
- (xii) Such other security/collateral arrangement as advised by the Solicitors.

(SHCSB, DUHSB and DUSSB shall hereinafter collectively be referred to as "**Security Parties**")

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- (j) Details on utilisation : Proceeds raised from the issuance of MTNs shall be of proceeds by issuer and originator (in the case of ABS). If proceeds are to be utilized for project or capital expenditure, description of the project or capital expenditure, where applicable.

- (k) Sinking fund and designated accounts, where applicable : **Sinking Fund**

None.

Designated Accounts

The Issuer shall open and maintain the following Designated Accounts with PBB:

(i) Issuer Proceeds Account

The Issuer Proceeds Account is to capture the following:

- 1) all rentals received by the Issuer arising from the Project other than the rental proceeds derived from the serviced apartments comprised within the Project (hereinafter referred to as "Serviced Apartments");
- 2) all rental proceeds derived from the Serviced Apartments net off all operating expenses as made available by the relevant operator of the Serviced Apartments to the Issuer on a monthly basis;
- 3) the redemption sum (if any, as shall be agreed between the Issuer and the Sole Investor) from any disposal of part or whole of the Charged Property; and
- 4) proceeds of any insurance/takaful claims and/or any claims received in respect of third party performance bonds and/or guarantees or any other compensation received in relation to the Project (if any).

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The Issuer Proceeds Account is to be solely operated by the Security Agent. Monies in the Issuer Proceeds Account shall be withdrawn and used for the following purposes:

- (A) to the extent that monies standing to the credit of the Issuer Proceeds Account represent the rentals referred to in paragraph (1) and (2) above:
- (a) To settle any fees due to the Sole Investor, Lead Arranger, Facility and Security Agent;
 - (b) To service any coupon due and payable under the MTNs issued;
 - (c) To redeem any MTNs due and payable on maturity date in relation to the MTNs issued; and
 - (d) Any surplus after payments of the above shall be transferred to Issuer's operating account(s) on monthly basis.
- (B) to the extent that monies standing to the credit of the Issuer Proceeds Account represent the redemption sum referred to in paragraph (3) above, for the redemption of the principal outstanding of the MTNs falling due and payable or for early redemption of any outstanding MTNs.
- (C) To the extent that monies standing to the credit of the Issuer Proceeds Account represent the proceeds referred to in paragraph (4) above, for funding i) to make good the damage or loss or disrepair to the buildings together with all fixtures thereon erected on the Development Land and/or, ii) early redemption of part or entire outstanding MTNs, provided that:
- such withdrawal for (i) must be accompanied by relevant supporting documents evidencing the amount payable to make good the works on the properties erected on the Development Land or such damage or loss or disrepair caused by the insured events furnished by the Issuer; and

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- no Event of Default has occurred under the MTN Programme and is subsisting at the time such withdrawal is made or would, following such withdrawal, occur.

For avoidance of doubt, the Sole Investor shall have the sole discretion to determine the use of the claim proceeds for any purpose as described above under (C).

(ii) **Debt Service Reserve Account (“DSRA”)**

A DSRA shall be opened and maintained by the Issuer and solely operated by the Security Agent for the purpose of securing the payment of interest/coupon payable by the Issuer under the MTN Programme. The DSRA shall capture such amount equivalent to (hereinafter referred to as the **“Minimum Balance”**):

- a) 3 months’ interest/coupon of the MTN Programme to be placed in the following manners:
 - i) 50% prior to the first issuance date of the MTNs; and
 - ii) balance 50% on the anniversary date of first issuance of MTNs,

OR

- b) 2 months interest/coupon payment of the MTN Programme to be placed prior to the first issuance date of the MTNs.

The above initial interest/coupon amount shall be deposited by the Issuer from advances from SHCSB based on interest/coupon rate of the first MTNs issuance and MTN Programme amount of RM800.0 million and to be reviewed semi-annually by the Sole Investor at its discretion.

No withdrawal of any monies standing to the DSRA will be allowed save and except for the following withdrawals:

- (A) withdrawal to meet the Issuer’s interest payment obligations in respect of the outstanding MTNs, in the event that there is a default in the Issuer’s interest payment obligations in respect of the outstanding MTNs. In such event, the Issuer shall, within

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such period as stipulated by the Sole Investor, credit or top up the DSRA so that the proceeds standing to the credit therein shall not be less than the Minimum Balance; and

- (B) withdrawal to fund the Investments (as defined below).

DUHSB shall open and maintain the following account with PBB:

DUHSB Proceeds Account

The DUHSB Proceeds Account is to capture the following:

- 1) all rentals derived from the Office Tower;
- 2) the redemption sum (if any, as shall be agreed between DUHSB and the Sole Investor) from any disposal of part or the whole of the Office Tower; and
- 3) proceeds of any insurance/takaful claims and/or any claims received in respect of third party performance bonds and/or guarantees or any other compensation received in relation to the Office Tower (if any).

The DUHSB Proceeds Account is to be solely operated by the Security Agent. Monies in the DUHSB Proceeds Account shall be withdrawn and used for the following purposes:

- (A) to the extent that monies standing to the credit of the DUHSB Proceeds Account represent the rentals referred to in paragraph (1) above:
- (a) To settle any fees due to the Sole Investor, Lead Arranger, Facility and Security Agent;
 - (b) To service any coupon due and payable under the MTNs issued;
 - (c) To redeem any MTNs due and payable on maturity date in relation to the MTNs issued; and

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- (d) Any surplus after payments of the above shall be transferred to DUHSB's operating account(s) on monthly basis.
- (B) to the extent that monies standing to the credit of the DUHSB Proceeds Account represent the redemption sum referred to in paragraph (2) above, for the redemption of the principal outstanding of the MTNs falling due and payable or for early redemption of part or the entire outstanding MTNs.
- (C) To the extent that monies standing to the credit of the DUHSB Proceeds Account represent the proceeds referred to in paragraph (3) above, for funding i) to make good the damage or loss or disrepair to the buildings together with all fixtures thereon erected on the Development Land and/or, ii) early redemption of part or entire outstanding MTNs, provided that:
- such withdrawal for (i) must be accompanied by relevant supporting documents evidencing the amount payable to make good the works on the properties erected on the Development Land or such damage or loss or disrepair caused by the insured events furnished by the Issuer; and
 - no Event of Default has occurred under the MTN Programme and is subsisting at the time such withdrawal is made or would, following such withdrawal, occur.

For avoidance of doubt, the Sole Investor shall have the sole discretion to determine the use of the claim proceeds for any purpose as described above under (C).

Funds held in the Designated Accounts and the DUHSB Proceeds Account may be utilised to invest in (a) fixed deposits with the Sole Investor only ("**FDs**"), and/or (b) in the fund known as "PB Cash Plus Fund" and/or in such other money market unit trust fund (in a form of fixed deposit and/or money market time deposit) acceptable to the Sole Investor and the Security Agent and approved by the regulatory authorities with Public Mutual Berhad (hereinafter collectively referred to as "**Investments**"), provided always that:

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- i) such FDs and/or Investments shall mature and the proceeds (which shall mean the principal and interest) be remitted back into the respective Designated Accounts or the DUHSB Proceeds Account, whichever applicable, no later than five (5) business days before any payment obligations become due and payable; and
- ii) such FDs and/or Investments are denominated in Ringgit Malaysia.
- (l) Rating
- Credit rating assigned and whether the rating is final or indicative : Not applicable as the MTNs are non-transferable and non-tradable and the Sole Investor does not require a rating.
 - Name of credit rating agency : Not applicable.
- (m) Mode of issue : Private placement without prospectus.
- The issuance of the MTNs shall be in accordance with:
- (i) the “Participation and Operation Rules for Payments and Securities Services” issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) (“**MyClear Rules**”); and
- (ii) the “Operational Procedures for Securities Services” issued by MyClear (“**MyClear Procedures**”) or their replacement thereof (collectively “**MyClear Rules and MyClear Procedures**”) available from time to time.
- (n) Selling restriction, including tradability, i.e. whether tradable or non-tradable : Selling Restriction At Issuance:
- The MTNs shall not constitute an offer to the Public within the meaning of section 4 (6) of the Companies Act 1965 and shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(1)) of the CMSA.
- Further, the MTNs are debentures which by their terms shall only be held by a single holder, and accordingly the MTNs fall within Paragraph 4 Schedule 8 of the CMSA.

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Selling Restriction Thereafter:

The MTNs are non-transferable and non-tradable.

- (o) Listing status and type of listing, where applicable : The MTNs will not be listed on any stock exchange.
- (p) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase private debt securities, and whether or not obtained : Not applicable.
- (q) Conditions precedent : To include but not limited to the following:

A. Main Documentation

- (i) All relevant Transaction Documents (as defined in Paragraph 2.02 (v)(vi) below) shall have been executed and duly endorsed as exempted under the Stamp Duty Exemption (No 23) Order 2000 and where relevant, presented for registration;

B. The Issuer And Security Parties (where applicable)

- (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer and the Security Parties;
- (ii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer and the Security Parties;
- (iii) A certified true copy of a board resolution of the Issuer authorising, among others, the execution of the Transaction Documents;
- (iv) A certified true copy of a board resolution of SHCSB authorising execution of the Letter of Undertaking (as referred to in paragraph 2.02 (i) (vii));
- (v) A certified true copy of a board resolution of the Security Parties authorising execution of the relevant security documents (as referred to in paragraph 2.02 (i));

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- (vi) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (vii) A report of the relevant company search of the Issuer and the Security Parties conducted by the Solicitors;
- (viii) A report of the relevant winding up search conducted by the Solicitors on the Issuer and the Security Parties or the relevant statutory declaration of the Issuer and the Security Parties;

C. General

- (i) Evidence of authorisation from the SC shall have been obtained and the Issuer's compliance with all conditions of such authorisation and, where applicable, all other regulatory authorities for the proposed MTN Programme;
- (ii) Confirmation that the Designated Accounts and the DUHSB Proceeds Account shall have been duly opened with PBB and charged in favour of the Security Agent ;
- (iii) Representations and warranties of the Issuer remain true and correct in all material respects and no Event of Default or potential Event of Default has occurred and is continuing;
- (iv) The Lead Arranger has received a legal opinion from the Solicitors advising with respect to:
 - i) the legality, validity and enforceability of the Transaction Documents;
 - ii) that the relevant securities provided herein under paragraph 2.02 (i) above are not ultra vires or in contravention of any applicable laws; and
 - iii) the fulfilment of all the conditions precedent;
- (v) Payment of all relevant fees and amounts due from the Issuer in connection with the proposed MTN Programme; and
- (vi) Such other terms as may be required by the Lead Arranger and Sole Investor and/or advised by the Solicitors.

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- (r) Representations and warranties : To include but not limited to the following:
- (i) **Status:**

The Issuer and/or Security Parties are companies duly incorporated and validly existing under the laws of Malaysia and has the power to own its assets and carry on its business as it is being conducted;
 - (ii) **Non-Violation:** The entry into and performance by the Issuer and/or Security Parties (which is a body corporate) of the transactions contemplated by, the Transaction Documents do not and will not conflict with:
 - (a) their constitutional documents;
 - (b) any law or regulation applicable to them; and
 - (c) any agreement or instrument binding upon them or any of their assets;
 - (iii) **Power and Authority:** The Issuer and/or the Security Parties has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents;
 - (iv) **Authorisation:** All authorisations, consents, approvals, filings or registration required or desirable by the Issuer and/or Security Parties under the Transaction Documents have been obtained or affected and are in full force and effect;
 - (v) **No Proceedings Pending Or Threatened:** No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been started or threatened against the Issuer and/or Security Parties;
 - (vi) **Appointment of Receiver, Legal Process:** No step has been taken by the Issuer and/or Security Parties or any legal proceeding been started or, threatened for the dissolution, liquidation or winding up of the Issuer and/or Security Parties or for the appointment of a receiver or similar officer in respect of all or any part of the business or assets of the Issuer and/or Security Parties and no

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demand under Section 218 (2) of the Companies Act 1965 has been received by the Issuer and/or Security Parties;

(vii) **Binding Obligations**: The obligations expressed to be assumed by the Issuer and/or Security Parties, in each Transaction Document to which it is a party;

(viii) **No default**:

a) No Event of Default or potential event of default is continuing or might be expected to result from the issuance of the MTNs; and

b) No other event or circumstances is outstanding which constitutes a default under any other agreement or instrument which is binding on the Issuer and/or Security Parties or to which the Issuer's and/or Security Parties' assets are subject to;

(ix) **Accounts**: The Issuer's and/or Security Parties' financial statements have been prepared on a basis consistently applied in accordance with the generally accepted accounting principles and standards in Malaysia and give a true and fair view of the results of its operations for that year and the state of its financial affairs at that date, and in particular disclose or reserve against such liabilities (actual or contingent) of the Issuer and/or Security Parties;

(x) **No misleading information**:

a) Any factual information provided by the Issuer and/or Security Parties to and/or for the benefit of the Sole Investor in writing in connection with or as required under the Transaction Documents was true and accurate as at the date it was provided or as at the date (if any) at which it is stated and is not misleading in any respect; and

b) Any financial projections provided by the Issuer and/or Security Parties to and/or for the benefit of the Sole Investor have been prepared on the basis of recent historical information and on the basis of reasonable assumptions;

(xi) **Changes**: No event or series of events has occurred (including, without limitation, the revocation or non-renewal of any authorisations,

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consents, approvals, filings or registration); and

- (xii) **Others:** Such other representations and warranties as may be required by the Lead Arranger and/or the Sole Investor and/or advised by the Solicitor.
- (s) Event of default and : To include but not limited to the following events of enforcement event, default (“**Event of Default**”), where applicable
- (i) **Payment Defaults:** At any time, the Issuer fails to pay any amount due from it under any MTNs and/or any other amounts due from it under any of the Transaction Documents on the due date or, if so payable, on demand;
 - (ii) **Breach of Obligations:** The Issuer and/or Security Parties does not comply with any provision of the Transaction Documents or under any undertaking or arrangement entered into in connection therewith (other than a non-compliance of the type referred to in subparagraph (i) above) and in the case of a non-compliance capable of being remedied, the Issuer and/or Security Parties does not remedy such non-compliance to the satisfaction of the Sole Investor within a period of fourteen (14) days from the date of such non-compliance;
 - (iii) **Misrepresentation:** Any representation or statement made or deemed to be made by the Issuer and/or Security Parties in the Transaction Documents or any other document delivered by or on behalf of the Issuer and/or Security Parties under or in connection with any Transaction Document is or proves to have been incorrect or misleading when made or deemed to be made and such misrepresentation continues for a period of fourteen (14) days after the Issuer and/or Security Parties has been notified in writing by the Facility Agent of such misrepresentation;
 - (iv) **Cross Default:** Any indebtedness of the Issuer and/or Security Parties becomes due and is not paid when due and payable (after the expiry of any originally applicable grace period) or is capable of being declared due prematurely by reason of a default or an event of default (however described) Provided That no event described herein shall be an Event of Default if within fourteen (14) days from the occurrence of

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such event the Issuer furnishes the Sole Investor with documentary evidence evidencing that the relevant creditors' have agreed not to declare such financial indebtedness to be due and payable or have agreed to waive such default or not to take any further action;

- (v) **Appointment of Receiver**: An encumbrancer takes possession of or a trustee or administrator or a receiver, or liquidator or officer similar to any of the foregoing is appointed in respect of all or any part of the assets of the Issuer and/or Security Parties or distress or any form of execution is levied or enforced upon or sued out against any such assets;
- (vi) **Winding Up**: The Issuer and/or Security Parties convenes a meeting of its creditors or proposes or makes any arrangement (including a scheme of arrangement under Section 176 of the Companies Act, 1965) or composition with, or any assignment for the benefit of, its creditors or a petition is presented or a meeting is convened for the purposes of considering a resolution for the winding-up of the Issuer and/or Security Parties or a winding-up order is made against the Issuer and/or Security Parties or any event occurs by virtue of which the Issuer and/or Security Parties may be dissolved pursuant to the documents which establish the constitution of the Issuer and/or Security Parties or pursuant to which the courts of Malaysia or any other competent court would be entitled to order the dissolution of the Issuer and/or Security Parties or a moratorium is agreed or declared in respect of or affecting all or a material part of or a particular type of the indebtedness of the Issuer and/or Security Parties;
- (vii) **Material Adverse Change**: Any event or series of event has occurred or which might occur and which, in the reasonable opinion of the Sole Investor will result in the occurrence of an Event of Default;
- (viii) **Invalidity or Illegality**: Any provision of the Transaction Documents is or becomes or is alleged by or on behalf of the Issuer and/or Security Parties to be, for any reason, invalid, unenforceable or unlawful;

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- (ix) **Legal Proceedings:** Any legal proceedings, suit or action is instituted against the Issuer and/or Security Parties by any third party Provided That such legal proceedings suit or action shall not constitute an Event of Default if, such legal proceedings, suit or action is stayed or withdrawn within 14 days of the institution of such legal proceedings, suit or action;
- (x) **Licence:** There is a revocation, withholding or modification of a licence, authorisation or approval that impairs or prejudices the Issuer's and/or Security Parties' ability to comply with the terms and conditions of the Transaction Documents or the MTNs or any other document relating to the issue, offer or invitation in respect of the MTNs;
- (xi) **Repudiation:** the Issuer and/or Security Parties purports to repudiate any provision of the Transaction Documents; and
- (xii) **Others:** such other events of default as may be required by the Lead Arranger and/or Sole Investor and/or as may be advised by the Solicitor.

Consequences of an occurrence of an Event of Default:

Upon the occurrence of any of the Events of Default, the Sole Investor may declare that such Event of Default has occurred in respect of all the MTNs, and that notwithstanding the stated maturity of all the MTNs then outstanding, all MTNs then outstanding and the interest accruing thereunder up to the date of the said declaration shall become immediately due and payable in full whereupon the Sole Investor shall be entitled to take and/or cause to take such proceedings as it may think fit and take and/or cause to take such other steps to enforce the repayment of the MTNs and the provisions of the Transaction Documents and its rights thereunder.

(t) Covenants : **Positive Covenants**

To include but not limited to the following:

- (i) **Conduct of Business:** The Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and

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commercial standards and practices and will ensure that all necessary approvals and licences required for it to carry out its business are obtained;

- (ii) **Financial Information**: The Issuer shall no later than one hundred and eighty (180) days after the end of its financial year, furnish to the Sole Investor and the Facility Agent, one (1) copy of its annual audited financial statements (including statement of financial position, statement of comprehensive income and statement of cash flows), and any other accounts, report, notice, circular, statement or other document issued by the Issuer to its members (in their capacity as such);
- (iii) **Other Information**: The Issuer shall promptly provide to the Sole Investor and the Facility Agent any information relating to its affairs, as the Sole Investor and the Facility Agent may from time to time reasonably require;
- (iv) **Compliance Certificate**: The Issuer shall no later than one hundred and eighty (180) days after the end of its financial year provide to the Sole Investor and the Facility Agent a certificate signed by an authorised signatory of the Issuer relating to the financial year prior to the relevant date, which certificate shall state the following matters:-
 - (a) whether or not the Issuer has observed and performed all its obligations, covenants, terms and conditions and all other provisions under or pursuant to the MTN or the Transaction Documents; and
 - (b) whether or not any Event of Default has happened, existed or exists, from the date the MTNs were first issued and if in the affirmative to specify the details of such Event of Default;
- (v) **Preparation of Accounts**: The Issuer shall keep proper books and accounts at all times on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia, and will provide the Sole Investor, the Facility Agent and any person appointed by it (e.g.

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auditors) access to such book and accounts subject to prior written notice and during normal business hours;

- (vi) **Paying Agent:** The Issuer shall at all times maintain a Paying Agent with a specified office in Malaysia;
- (vii) **Compliance with Transaction Documents:** The Issuer shall promptly comply with the terms and perform and carry out all its obligations under the MTNs and the Transaction Documents (including but not limited to redeeming the MTNs on the relevant maturity dates or any other date on which the MTNs are due and payable) and ensure that it shall immediately notify the Sole Investor and the Facility Agent in the event the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (viii) **Immediate Notification:** The Issuer shall upon becoming aware, immediately notify the Sole Investor and the Facility Agent of the following:-
 - (a) any change in the utilisation of proceeds from the MTNs from that set out in the Transaction Documents;
 - (b) any substantial change in the nature of its business;
 - (c) any change in its withholding tax position or taxing jurisdiction;
 - (d) any circumstances that has occurred that would have a Material Adverse Effect on the Issuer or the Security/Collateral referred to in paragraph 2(i) above created for the MTNs; and
 - (e) any other matter that would have a Material Adverse Effect;

“Material Adverse Effect” means, in relation to the Issuer and/or Security Parties, any event which may have any material adverse effect on the financial condition or results of the operations of the Issuer and/or Security Parties or any event, the occurrence of which may materially and adversely affect the ability of the Issuer and/or Security Parties to

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perform any of its obligations under any of the Transaction Documents.

- (ix) **Notification by Facility Agent:** The Issuer shall procure that the Facility Agent notifies the Sole Investor in the event that the Facility Agent does not receive, in the manner provided by the Transaction Documents, the monies payable on the due date for payment in respect of the MTN or any of them;
- (x) **Events of Default:** The Issuer shall promptly give notice to the Sole Investor and the Facility Agent of the occurrence of any Event of Default or of such other right or remedy under the terms, provisions and covenants of the MTNs and the Transaction Documents which shall have become enforceable or of any potential Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may be reasonably requested by the Sole Investor or the Facility Agent to remedy and/or mitigate the effect(s) of the Event of Default or the potential Event of Default;
- (xi) **Authorisations:** The Issuer shall promptly:
 - (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
 - (b) supply certified copies to the Sole Investor and the Facility Agent of,

any authorisations, consents, approvals, filings or registrations required to enable it to perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation;
- (xii) **Compliance with laws:** The Issuer shall comply in all respects with all laws to which it may be subject to;
- (xiii) **Legal Existence:** The Issuer shall do all things necessary to preserve, renew and keep in full force and effect its legal existence and the authorisations, consents and licences which are material to the conduct of its business;

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- (xiv) **Insurance**: The Issuer shall at its own cost and expenses:
- (a) maintain and/or cause to be maintained such insurances in respect of its assets and businesses against such risks (including but not limited to third party risks and workmen's compensation) as the Sole Investor may require up to the full insurable value with such insurance company as may be from time to time approved by the Sole Investor which a prudent company carrying on a business similar to that of the Issuer would normally insure; and
 - (b) ensure that the Security Agent's name is endorsed as loss-payee and beneficiary in respect of the insurances mentioned in paragraph (a) above;
- (xv) **Change of Business**: The Issuer shall ensure and shall procure that no change is made to the general nature of the business of the Issuer from that carried on at the date of the Programme Agreement;
- (xvi) **Auditors**: The Issuer shall appoint from time to time such auditor or firm of auditors acceptable to the Sole Investor or the Facility Agent and authorise such auditor or firm of auditors to supply the Sole Investor or the Facility Agent with a certified copy of any communication sent by such auditor to the Issuer and further to communicate directly with the Sole Investor or the Facility Agent at any time in respect of any matter connected with the accounts and operations of the Issuer;
- (xvii) **Designated Accounts and DUHSB Proceeds Account**: The Issuer shall open and maintain the Designated Accounts (as defined above) and shall cause DUHSB to open and maintain the DUHSB Proceeds Account (as defined above) during the Tenure of the MTN Programme with PBB;
- (xviii) **Capital Markets & Services Act 2007 ("CMSA") and the SC**: The Issuer shall comply with all applicable laws including the provisions of the CMSA and/or the directive, written notices, circulars or guidelines issued by the SC from

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time to time affecting the MTN;

- (xix) **Valuation:** the Issuer shall procure a valuation of the Development Land/Project to be conducted by an independent certified professional valuer (within the panel of valuers approved by the Sole Investor) in accordance with the standards and practices for the time being accepted in the relevant industry and with such other requirements as the Sole Investor may request from time to time and submit the valuation report prepared for the benefit of the Sole Investor to the Facility Agent and the Sole Investor;
- (xx) **Shareholding Structure:** The Issuer shall remain as the wholly owned subsidiary of SHCSB during the Tenure of the MTN Programme;
- (xxi) **Additional/Substitute Of Security:** The Issuer shall provide additional security acceptable to the Sole Investor and/or substitute any existing security as and when requested by the Sole Investor. All costs incurred shall be for the account of the Issuer;
- (xxii) **Subordination:** The Issuer shall subordinate all shareholders' and/or related company's advances to the MTN Programme for up to 11.5% of the total development cost of the Project or RM120 million, whichever is higher, save and except for the repayment of advance by the Issuer to its shareholders' and/or related company, which repayment is funded by the proceeds arising from the Bridging Loan Facility; and
- (xxiii) **Others:** such other covenants as may be required by the Lead Arranger and/or Sole Investor and/or as may be advised by the Solicitor.

Negative Covenants:

The Issuer shall not undertake the following without prior written consent of the Sole Investor:

- (i) **Constitutional Documents:** change its memorandum and articles of association in a manner which would be inconsistent with the provisions of the Transaction Documents;

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- (ii) **Merger**: consolidate or amalgamate with, or merge with or into or transfer all or substantially all its assets to another entity, or enter into any demerger, reconstruction or winding up of itself;
- (iii) **Invest, Acquire Shares or Debentures**: invest, acquire shares or debentures in or with any company or person (including the creation of any subsidiary) nor acquire or purchase assets;
- (iv) **Change in Shareholding Structure**: change its existing shareholding structure;
- (v) **Alteration of Paid Up Capital**: decrease or in any way whatsoever alter (other than by way of increase) the authorised or issued capital of the Issuer whether by varying the amount, structure or value thereof or the rights attached to thereto or convert any of its share capital into stock or by consolidation dividing or sub-dividing all or any of its shares;
- (vi) **Negative Pledge**: create or to subsist any security interest over all or any part of the assets (be it present or future) belonging to itself save and except for the following:
 - a) Security/Collateral referred to in paragraph 2.02(i) above;
 - b) the security/collateral created in favour of the Sole Investor to secure the Revolving Credit Facility and Bridging Loan Facility; and
 - c) liens arising in the ordinary course of operations and by the operation of law, if any.
- (vii) **Restriction on Transactions**: enter into any transaction with person, firm or company or establish any exclusive purchasing or sales agency, or enter into any transaction whereby the Issuer might pay more than the ordinary commercial price for any purchase or might receive less than the full commercial price (subject to normal trade discounts) for its products;

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- (viii) **Surrender rights**: surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Project, the Transaction Documents or any of them;
 - (ix) **Utilisation of Proceeds**: use the proceeds of the MTNs for any purpose other than for the purpose set out in paragraph 2.02(j) above;
 - (x) **Incur Liability**: incur additional indebtedness save and except for the Revolving Credit Facility and the Bridging Loan Facility;
 - (xi) **Payment or Repayment of Advances**: make payments and/or repayment (whether in relation to principal, profit or otherwise) to its directors or its shareholder in connection with loans or financing or advances if any, from its directors and/or shareholder save and except for the repayment of advance by the Issuer to its shareholders' and/or related company, which repayment is funded by the proceeds arising from the Bridging Loan Facility;
 - (xii) **Dividends and Distributions**: declare or pay any dividends or make any distribution whether income or capital;
 - (xiii) **Inter-Company Loans**: grant any inter-company loan save and except for the granting of such loan by the Issuer to DUHSB for the construction of a thirty eight (38) storey office tower having a gross built-up area of approximately 746,000 square feet together with three (3) levels of basement car park; and
 - (xiv) **Others**: such other covenants as may be required by the Lead Arranger and/or Sole Investor and/or as may be advised by the Solicitor.
- (u) Provisions on buy-back and early redemption of private debt securities : **Buy-back**
- The MTNs shall not be transferable and tradable in the secondary market. As such, the Issuer or any of its subsidiaries or agent(s) may not purchase the MTNs in the open market or by way of private treaty.

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Early redemption

The Issuer may, at its option, early redeem each issuance of the MTN partially/ in full of the outstanding MTNs together with the accrued interest on any coupon payment dates occurring during the tenure of the MTNs Programme subject to the following:

- a) by giving the Sole Investor and the Facility Agent not less than thirty (30) days prior written notice;
- b) a minimum redemption of RM5.0 million and multiples of RM1.0 million thereof in nominal value of MTNs;
- c) an early redemption fee is payable by the Issuer to the Sole Investor on any early redemption of MTNs as follows:

From Date of First Issue	Early Redemption Fee Payable on Nominal Value of MTNs Redeemed
1 st – 2 nd Year	3.0%
3 rd – 4 th Year	2.0%
5 th – 7 th Year	1.0%
8 th Year & above	Nil

- d) The Issuer shall bear all break-funding loss, if any, to be incurred by the Sole Investor.

The above early redemption fee shall be waived if early redemption is arising from injection of the Project into any Real Estate Investment Trust (“REIT”) to be established in the future.

For the avoidance of doubt, any early redemption of the MTNs which is triggered by the sale of the Charged Property or the Project (be it in whole or in part) is subject to the mutual consent of the Issuer and the Sole Investor.

The early redemption amount shall be applied in the inverse order of maturity of the MTNs and the MTNs that are redeemed shall forthwith be cancelled or treated as cancelled and accordingly shall not be re-issued and the limit of the MTN Programme shall be reduced accordingly.

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(v) Other principal terms and conditions for the Proposal

(i) Form and denomination : Form

Each series of the MTNs shall be represented by a Global Certificate to be deposited with BNM and shall be in bearer form. No physical delivery of the MTNs is permitted.

Denomination

The MTNs shall be in denominations of RM500,000 or in multiples of RM500,000.

(ii) Status : The MTNs shall constitute direct, unsubordinated, secured and unconditional obligation of the Issuer ranking pari passu in all respect without preference or priority among themselves.

(iii) Default interest : Up to 3.5% p.a above the prevailing Base Lending Rate of the Sole Investor or such other rate at the Sole Investor's discretion.

For the purpose of this paragraph 2.02(v)(iii), "Base Lending Rate" shall mean the rate of interest per annum which is from time to time quoted by the Sole Investor as its Base Lending Rate or if the Base Lending Rate is no longer applicable, such other similar or equivalent rate of interest quoted by the Sole Investor.

(iv) Redemption on Maturity : Unless previously redeemed and cancelled, the MTNs will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates as stated under paragraph 2.02(d) above.

(v) 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 the Government 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 be obliged to gross up for such withholdings or deductions. For the avoidance of doubt, the Issuer's obligations to gross up does not apply to tax on the general income of the Sole Investor.

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- (vi) Transaction Documents : (a) The Programme Agreement;
(b) Securities Lodgement Form;
(c) Global Certificates or Definitive Certificates; and
(d) The Letter of Undertaking and the Security Documents constituting the Security/Collateral (as referred to in paragraph 2.02(i) above).
- (vii) Governing Laws : The Laws of Malaysia.
- (viii) Jurisdiction : The parties shall unconditionally and irrevocably submit to the non-exclusion jurisdiction of the Courts of Malaysia.