

Serial No.:

STRICTLY PRIVATE AND CONFIDENTIAL

INFORMATION MEMORANDUM

SILVER SPARROW BERHAD
(Company No 943268-K)
A wholly owned subsidiary of Aseana Properties Limited

**IN RELATION TO THE PROPOSED ISSUANCE OF GUARANTEED MEDIUM TERM
NOTES OF UP TO RM515.0 MILLION IN NOMINAL VALUE PURSUANT TO A
GUARANTEED MEDIUM TERM NOTES PROGRAMME**

Principal Adviser & Lead Arranger



MAYBANK INVESTMENT BANK BERHAD
(Company No. 15938-H)

This Information Memorandum is dated 12 October 2011

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IMPORTANT NOTICE

THIS INFORMATION MEMORANDUM (“IM”) IS NOT A PROSPECTUS AND WILL BE LODGED WITH THE SECURITIES COMMISSION PURSUANT TO SECTION 229(4) AND/OR SECTION 230(4) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 (“CMSA”).

THE ISSUE, OFFER FOR SUBSCRIPTION OR PURCHASE, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE IN RELATION TO THE MEDIUM TERM NOTES (“MTNs”) IN THIS IM OR OTHERWISE IS SUBJECT TO FULFILLMENT OF VARIOUS CONDITIONS PRECEDENT.

PRINCIPAL ADVISER / LEAD ARRANGER

Maybank Investment Bank Berhad (“**Maybank IB**”) has been mandated by Silver Sparrow Berhad (“**Issuer**”) to act as the Principal Adviser/Lead Arranger (“**PA/LA**”), in connection with the guaranteed medium term notes programme of up to RM515.0 million in nominal value (“**Guaranteed MTN Programme**”) as further described in this IM.

CATEGORIES OF POTENTIAL INVESTORS/SELLING RESTRICTION

The Issuer has issued this IM in connection with the Guaranteed MTN Programme, which is being provided on a private and confidential basis solely to potential investors, who fall within Schedule 6 or Section 229(1)(b) of CMSA, Schedule 7 or Section 230(1)(b) of CMSA and Schedule 9 or Section 257(3) of the CMSA as amended from time to time and are subject to certain restriction on resale as described under the ‘Selling Restriction’ clause referred to in the Principal Terms and Conditions set out in this IM.

ISSUER’S RESPONSIBILITY STATEMENT

The Issuer, having made all enquiries, which are reasonable in the circumstances, confirms that to the best of its knowledge and belief that:

- (a) this IM contains all relevant material information with respect to the Issuer for the purposes of evaluation of the Guaranteed MTN Programme;
- (b) the information and data contained in this IM are true, accurate and not misleading in all material respects;
- (c) the forward statements contained in this IM are based on the Issuer’s assumptions as to the future events which the Issuer expects to take place as of the date the information is prepared; and
- (d) there is no material omission of any other information and data which would make any part of this IM incorrect or misleading.

No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this IM.

DIRECTOR'S RESPONSIBILITY STATEMENT

This IM has been seen and approved by the Board of Directors of the Issuer and they collectively and individually accept full responsibility for the accuracy of information contained in this IM and confirm that after having taken due care and making all reasonable inquiries, to the best of their knowledge and belief, all material facts and information relevant to the evaluation of the Guaranteed MTN Programme have been disclosed and there are no omission of material facts which would make any statement herein false or misleading.

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The distribution or possession of this IM in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer and the PA/LA to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the PA/LA accepts any responsibility or liability to any person in relation to the distribution or possession of this IM in or from any such jurisdiction.

STATEMENT OF DISCLAIMER BY THE SECURITIES COMMISSION

A copy of this IM has been deposited with the Securities Commission of Malaysia ("**SC**"), which takes no responsibility for its contents.

Upon receipt of a complete submission pursuant to the relevant requirements in the Private Debt Securities Guidelines issued by the SC ("**PDS Guidelines**"), the SC is deemed to have approved the sale of the MTN pursuant to the CMSA. Please note that the deemed approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the MTN.

NON-RECOMMENDATION

This IM and any document delivered under or in relation to the issue, offer and invitation to subscribe for or purchase of the MTNs is not, and should not be construed as, a recommendation by the Issuer, the PA/LA or any other party to subscribe for or purchase the MTNs. Further, neither the Issuer or the PA/LA nor any of their respective employees or agents makes or gives or purports to make or give any representation or warranty, expressed or implied, as to the merits of the Guaranteed MTN Programme or the MTNs or the purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or any other person mentioned in this IM. This IM is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Guaranteed MTN Programme, the MTNs and all other relevant matters, including but not limited to the information and data set out in this IM, and each recipient should consult its own professional adviser(s).

INFORMATION CONTAINED IN THIS IM

This IM includes certain historical information, estimates, forecast, projections and/or reports thereon derived from the Issuer and/or other third party sources, which were extracted and quoted by the Issuer and/or from other publicly available information with respect to the Malaysian economy, industry and certain other matters. Such information, estimates, forecast, projections and/or reports have been included solely for illustrative purposes. No representation or warranty is made by the Issuer or the PA/LA as to the accuracy or completeness of any information, estimate, forecast, projection and/or report thereon derived from such other third party sources and nothing contained herein shall be relied upon as a promise or representation by the Issuer or its PA/LA as to the past or the future.

Where this IM summarises the provisions of any other document, the summary should not be relied upon and the relevant documentation should be referred to for the full effect of its provisions.

In addition, all discrepancies between the amounts stated in the IM and totals thereof (if any) are due to rounding, and certain numbers appearing in this IM are shown after rounding.

FORWARD LOOKING STATEMENTS

All statements contained in this IM that are not statements of historical facts constitute 'forward looking statements'. These statements include, amongst others, discussion of the Issuer's business strategy and expectation concerning its respective position in the Malaysian economy, future operations, profitability, liquidity, capital resources, financial position and settlement of indebtedness. All these statements are based on estimates and assumptions made by the Issuer at the time the information is prepared that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates, and no assurance is given by the Issuer and the PA/LA that any of such statements or estimates will be realised.

In light of these and other uncertainties, the inclusion of a forward-looking statement in this IM is not a representation or warranty by the Issuer or any other person (including the PA/LA) that the plans and objectives of the Issuer will be achieved.

SUPERSEDING OF PREVIOUS INFORMATION

The information in this IM supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this IM, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied (if any).

THIRD PARTY REPRESENTATION

No person is authorised to give any information or to make any representation not contained in this IM and those information or representation not contained in this IM must not be relied upon as having been authorised by or on behalf of the Issuer.

The delivery of this IM at any time does not imply that the information contained herein is correct at any time subsequent to its date.

EXCLUSION OF LIABILITY

The PA/LA have not independently verified the information contained in this IM and do not make any representation or warranty, neither expressed or implied, nor accept any responsibility, with respect to the accuracy or completeness of any of the information contained in this IM. The PA/LA have not accepted and will not accept any responsibility for the information and data contained in this IM or otherwise in relation to the Guaranteed MTN Programme and shall not be liable for any consequences, losses, damages, claims or expenses whatsoever suffered or incurred by any person in reliance of any of the information or data in this IM.

OBLIGATIONS OF RECIPIENTS OF IM

By accepting delivery of this IM, each recipient agrees to the terms upon which this IM is provided to such recipient as set out in this IM, and further agrees and confirms with the Issuer and the PA/LA that:

- (a) it will keep confidential all of such information and data;
- (b) it is lawful for the recipient to subscribe for, purchase or in any other way to receive the MTNs under all jurisdictions to which the recipient is subject;
- (c) the recipient has complied with all the applicable laws in connection with such subscription, purchase or acceptance of the MTNs;
- (d) the Issuer and the PA/LA and all other parties involved in the preparation of this IM and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription, purchase or acceptance of the MTNs and they shall not have any responsibility or liability in the event that such subscription, purchase or acceptance of the MTNs are or shall become unlawful, unenforceable, voidable or void;
- (e) it is aware that the MTNs can only be offered, sold, transferred or otherwise disposed off in accordance with the relevant selling restrictions and all applicable laws;
- (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the MTNs and is able and prepared to bear the economic and financial risks of investing in or holding the MTNs;
- (g) it is subscribing, purchasing or accepting the MTNs for its own account; and
- (h) it is a person to whom an issue, offer or invitation to subscribe for or purchase the Issue would fall within one or more of the categories of persons specified within Schedule 6 or Section 229(1)(b) of CMSA, Schedule 7 or Section 230(1)(b) of CMSA and Schedule 9 or Section 257(3) of the CMSA as amended from time to time.

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject to.

LAWS OF FOREIGN JURISDICTION

This IM has not been and will not be made to comply with the laws of any jurisdiction outside Malaysia ("**Foreign Jurisdiction**") and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and this IM does not constitute an offer of, or an invitation to subscribe for or purchase the MTNs or any other securities of any kind by any party in any Foreign Jurisdiction.

RETURN OF IM UPON REQUEST

The PA/LA may at any time request any recipient to return this IM and all reproductions whether in whole or in part and any other information in connection therewith and where such a request is being made, the recipient must return this IM and all reproductions whether in whole or in part and any other information in connection therewith to the PA/LA immediately.

IM IS NOT SOLE BASIS OF ANY EVALUATION

This IM is not intended by the Issuer to provide the sole basis of any evaluation. In determining whether to subscribe for or purchase the MTNs, the recipients are urged to make their own assessment of the relevance and adequacy of information contained in this document and to make such independent investigation as it deems necessary for the purposes of such determination.

The recipients are urged to refer or request for any additional updated information or document which they may consider necessary to make an informed investment decision.

Subsequent to the lodgement of this IM for the issuance of the Guaranteed MTN Programme, the PA/LA will not undertake any further review of the affairs of the Issuer during the tenure of the Guaranteed MTN Programme.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENTS. EACH ISSUE OF THE MTN WILL CARRY DIFFERENT RISKS AND ALL POTENTIAL INVESTORS ARE STRONGLY ENCOURAGED TO EVALUATE EACH ISSUE OF THE MTN ON ITS OWN MERIT. IT IS RECOMMENDED THAT THE PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISER(S) BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE MTN.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that the recipient will ensure the same remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer, may at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all cost, expenses and losses incurred and/or suffered in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisors, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

This Information Memorandum is submitted to selected persons specifically in reference to the MTN to whom an issue, offer or invitation to subscribe or purchase the MTN would constitute persons falling within any one or more of the categories specified in Schedule 6 or Section 229(1)(b) of CMSA, Schedule 7 or Section 230(1)(b) of CMSA and Schedule 9 or Section 257(3) of the CMSA as amended from time to time and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Principal Adviser/Lead Arranger.

The recipient must return this Information Memorandum and all reproductions whether in whole or in part and any other information in connection therewith to Maybank IB promptly upon the Principal Adviser/Lead Arranger's request, unless that recipient provides proof of a written undertaking satisfactory to the Principal Adviser/Lead Arranger with respect to destroying these documents as soon as reasonably practicable after the said request from the Principal Adviser/Lead Arranger.

DEFINITIONS

Unless the context otherwise requires, the words and expression defined in this IM (including the appendices attached hereto) shall have the following meanings when read throughout this IM:-

“Act”	Companies Act, 1965 as may be amended from time to time and any re-enactment thereof
“Aseana”	Aseana Properties Limited (Jersey Company No. 94592)
“Aseana Group”	Collectively, Aseana, Issuer, ICSD and IFSB
“BG Tranche”	In relation to a Series, a tranche comprising of MTNs which has the benefit of the Bank Guarantee
“Bank Guarantee”	The bank guarantee, to be issued by the Bank Guarantors on a several basis under the Bank Guarantee Facility to guarantee the nominal amount of the MTNs plus one coupon payment
“Bank Guarantee Facility”	The syndicated bank guarantee facility of up to a maximum amount of RM225.0 million made available by the Bank Guarantors to the Issuer and accepted by the Issuer
“Bank Guarantors”	Collectively, MBB and OCBC and references to “Bank Guarantor” shall mean each or any one of them
“Beneficiary”	Trustee (on behalf of the Noteholders) for the MTNs to be issued by the Issuer under the Guaranteed MTN Programme
“BNM”	Bank Negara Malaysia
“CMSA”	Capital Markets and Services Act, 2007, as may be amended from time to time and any re-enactment thereof
“Danajamin”	Danajamin Nasional Berhad (Company No. 854686-K)
“Event of Default”	An event of default pursuant to the Guaranteed MTN Programme
“Facility Agent”	Maybank IB
“FG Tranche”	In relation to a Series, a tranche comprising of MTNs which has the benefit of the FGI Policy
“FGI Policy”	the financial guarantee insurance policy(ies), to be issued by Danajamin under the FGI Facility to guarantee the principal amount of the MTNs plus one (1) coupon payment
“FGI Facility”	Financial guarantee insurance issuance facility of up to a maximum amount of RM300.0 million granted by Danajamin to the Issuer, which shall be governed in accordance with the terms set out in the FGI facility agreement made or to be made between the Issuer and Danajamin to guarantee the payment obligations of the Issuer under each issuance of the MTNs

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“Four Points by Sheraton Sandakan Hotel”	A 300-room hotel erected or to be erected on the Sandakan Land, to be managed by Starwood Hotels and Resorts Worldwide, Inc. under the “ <i>Four Points by Sheraton</i> ” brand name
“Guarantee Commitments”	The commitment of each Guarantor as set out in Section 1.4
“Guarantee Facilities”	Collectively, the Bank Guarantee Facility and the FGI Facility
“Guaranteed MTN Programme”	Guaranteed medium term notes programme of up to RM515.0 million in nominal value
“Guarantors”	Collectively, Danajamin, via the FGI Facility and the Bank Guarantors via the Bank Guarantee Facility, as the case may be, and reference to a “Guarantor” includes reference to each or any one of the Guarantor
“Guarantees”	Collectively the Bank Guarantee and the FGI Policy, as the case may be, and reference to a “Guarantee” includes reference to each or any one of the Guarantee
“ICSD”	ICSD Ventures Sdn Bhd (Company No. 598900-P)
“IFSB”	Iringan Flora Sdn Bhd (Company No. 874127-W)
“Issue”	The MTN to be issued under the MTN Programme
“Ireka”	Ireka Corporation Berhad (Company No. 25882-A)
“Issuer”	Silver Sparrow Berhad (Company No. 943268-K)
“KL Sentral Hotel”	a 31-level hotel tower and adjoining 85 car park bays erected or to be erected on Parcel C&D of the land under Geran 46230, Lot 364, Seksyen 72, Bandar Kuala Lumpur, District of Wilayah Persekutuan
“KL Sentral Hotel Land”	the individual title(s) to be issued in respect of Parcel C&D of the land under Geran 46230, Lot 364, Seksyen 72, Bandar Kuala Lumpur, District of Wilayah Persekutuan and any title(s) issued in continuation or in substitution thereof from time to time
“Lead Manager”	Maybank IB
“Maybank IB”	Maybank Investment Bank Berhad (Company No. 15938-H)
“MBB”	Malayan Banking Berhad (Company No. 3813-K)
“MPS”	Majlis Perbandaran Sandakan
“MTNs”	Medium Term Notes
“MyClear”	Malaysian Electronic Clearing Corporation Sdn Bhd (836743-D), a wholly-owned subsidiary of BNM
“MyClear Procedures”	Operational Procedures for Securities Services issued by MyClear and as modified or revised or substituted from time to

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	time by MyClear
“Noteholders”	Holders of the MTNs
“OCBC”	OCBC Bank (Malaysia) Berhad (Company No. 295400-W)
“Principal Adviser/ Lead Arranger” or “PA/LA”	Maybank IB
“Principal Terms & Conditions”	Principal Terms and Conditions of the MTN Programme as set out in Appendix I
“Project Companies”	ICSD and IFSB
“Projects”	The Sandakan Harbour Square project and KL Sentral Hotel project
“Rating Agency”	RAM Rating Services Berhad (Company No. 763588-T)
“RM” and “sen”	Ringgit Malaysia and sen respectively
“Sandakan Harbour Mall”	A 5 ½ storey retail mall cum car park complex and convention centre erected or to be erected on the Sandakan Land
“Sandakan Land”	A parcel of leasehold reclaimed land measuring approximately 12 acres located within the waterfront of Sandakan, Sabah, along Jalan Pryer, Sandakan Town Centre, held under TL 077582220, District of Sandakan and any title(s) issued in continuation or in substitution thereof from time to time
“SC”	Securities Commission Malaysia
“Series”	The series of MTNs sharing the same issue date and tenor
“Solicitors for PA/LA”	Messrs Zul Rafique & partners
“Subsidiaries”	Has the meaning ascribed in the Act
“Syndicated Facilities”	Syndicated term loan facilities of up to an aggregate principal sum of Ringgit Malaysia Two Hundred and Forty Nine Million and Five Hundred Thousand (RM249,500,000.00) granted by a group of lenders to ICSD to, among others, finance the construction of the Sandakan Harbour Mall and the Four Points by Sheraton Sandakan Hotel
“TL 1 Facility”	The term loan facility of up to an aggregate principal sum of Ringgit Malaysia Ninety Nine Million (RM99,000,000.00) forming part of the Syndicated Facilities
“TL 2 Facility”	The term loan facility of up to an aggregate principal sum of Ringgit Malaysia One Hundred and One Million (RM101,000,000.00) forming part of the Syndicated Facilities
“Trustee”	Mayban Trustees Berhad (Company No. 5004-P)

Section 1.0 Executive Summary**1.1 Introduction**

The Issuer was incorporated in Malaysia on 5 May 2011 as a private limited company. The Issuer was subsequently converted to a public company on 30 September 2011.

The Issuer is a wholly owned subsidiary of ASPL M10 Limited, a company incorporated under the laws of the British Virgin Islands, and ASPL M10 Limited is in turn a wholly owned subsidiary of Aseana, a company incorporated under the laws of Jersey and listed on the London Stock Exchange.

The principal activities of the Issuer are to participate in the transactions contemplated under the Guaranteed MTN Programme.

Maybank IB has been mandated by the Issuer to act as the PA/LA for the Guaranteed MTN Programme.

1.2 Brief Description of the Guaranteed MTN Programme

The Guaranteed MTN Programme is a programme of up to 10 years with a nominal value of up to RM515.0 million. The financial obligations of the Issuer with respect to the payment of the principal and one (1) coupon/interest payment under each series of MTNs under the Guaranteed MTN Programme (other than interest on late payment charges and charges in respect of the Guaranteed MTN Programme), will be irrevocably and unconditionally guaranteed on a several basis by the Guarantors under the Guarantees issued proportionate to their Guarantee Commitments under the FGI Facility and the Bank Guarantee Facility respectively.

The aggregate outstanding nominal value of the MTNs issued under the Guaranteed MTN Programme at any point in time shall not exceed RM515.0 Million, subject to the following reduction schedule ("**Reduction Schedule**"):

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Months from the first issue date of the MTNs under the Guaranteed MTN Programme (“Scheduled Reduction Date”)	Reduction Amount (RM’ Million)	Reduced Guaranteed MTN Programme Limit (RM’ million)
60 th	30.0	485.0
72 nd	40.0	445.0
84 th	40.0	405.0
96 th	40.0	365.0
108 th	50.0	315.0
120 th	315.0	-

The principal terms and conditions of the Guaranteed MTN Programme are detailed in **Section 3**.

1.3 Utilisation of Proceeds

The proceeds raised from the Guaranteed MTN Programme shall be utilised as follows:

Purpose	Amount (RM’ million) up to
<u>Series 1</u>	
1. to refinance ICSD’s TL 1 Facility. In the event that the amount specified is not utilised in full for the purpose mentioned herein, the remaining amount may be utilised by the Issuer for onward lending to ICSD for the construction of the Sandakan Harbour Mall;	99.0
2. to finance/reimburse ICSD and/or its shareholder for the variation order and fit out costs, professional fees, pre-opening expenditure and contingency costs in relation to the Sandakan Harbour Mall.	21.0
<u>Series 2</u>	
1. to refinance ICSD’s TL 2 Facility. In the event that the amount specified is not utilised in full for the purpose mentioned herein, the remaining amount may be utilised by the Issuer for onward lending to ICSD for the construction of the Four Points by Sheraton Sandakan Hotel;	101.0
2. to finance/reimburse ICSD and/or its shareholder for the variation order and fit out costs, professional fees, pre-opening expenditure and contingency costs in relation to the Four Points by Sheraton Sandakan Hotel.	24.0

Purpose	Amount (RM' million) up to
Series 3	
1. to part finance the acquisition cost of KL Sentral Hotel by IFSB;	208.0
2. to finance/reimburse IFSB for the furniture, fixtures, fit out costs, professional fees, pre-opening expenditure and contingency costs in relation to the KL Sentral Hotel.	62.0
TOTAL	515.0

1.4 Guarantee Facilities

The Guarantee Facilities comprising the FGI Facility and the Bank Guarantee Facility, of up to the aggregate maximum amount of RM525.0 million will be made available to the Issuer by each of the Guarantors on a several basis and shall be proportionate to their Guarantee Commitments as follows subject to the Reduction Schedule set out in Section 1.2:

Guarantors	Facility	Commitment (RM million)
Danajamin	Financial Guarantee	300.0
MBB	Bank Guarantee	125.0
OCBC	Bank Guarantee	100.0
	Total	525.0

FGI Facility by Danajamin

The purpose of the FGI Facility of up to RM300.0 million is to guarantee the redemption of the nominal value of the MTNs under the Guaranteed MTN Programme and one (1) coupon payment of the MTNs (other than interest on late payment charges and charges in respect of the Guaranteed MTN Programme), provided always that the aggregate Guarantees issued and outstanding at any point in time by each Guarantor shall not exceed their respective Guarantee Commitments.

Each FGI Policy issued shall only allow for one (1) claim to be made against Danajamin.

Danajamin shall not be responsible for the obligations of any of the Bank Guarantors under each Bank Guarantee.

Bank Guarantee Facility by the Bank Guarantors

The purpose of the Bank Guarantee Facility of up to RM225.0 million is to guarantee the redemption of the nominal value of the MTNs under the Guaranteed MTN Programme and one (1) coupon payment of the MTNs (other than interest on late payment charges and charges in respect of the Guaranteed MTN Programme),

provided always that the aggregate Guarantees issued and outstanding at any point in time by each Guarantor shall not exceed their respective Guarantee Commitments.

Each Bank Guarantee issued shall only allow for one (1) claim to be made against the Bank Guarantors.

The obligations of each Bank Guarantor under each Bank Guarantee are several. The failure of any Bank Guarantor to perform such obligations shall not relieve any other Bank Guarantor of any of their respective obligations or liabilities under each Bank Guarantee, nor shall any Bank Guarantor be responsible for the obligations of the other Bank Guarantor under each Bank Guarantee.

In addition, the Bank Guarantors shall not be responsible for the obligations of Danajamin under each FGI Policy.

Proportionate Guarantees in each Series

Each Series under the Guaranteed MTN Programme shall be severally guaranteed by the Guarantors on a pro-rata basis up to their respective Guarantee Commitments. Accordingly, each Series under the Guaranteed MTN Programme shall comprise of multiple issuances, namely the FG Tranche and the BG Tranche. The FG Tranche will be solely guaranteed by Danajamin under the FGI Policy for an amount which is proportionate to Danajamin's Guarantee Commitment for such Series. The BG Tranche will be solely guaranteed by the Bank Guarantors on a several basis for an amount which is proportionate to each Bank Guarantor's Guarantee Commitment for such Series. Such guarantee proportion for each Series will be maintained throughout the tenure of the Guaranteed MTN Programme.

1.5 Brief Information on the Projects

Two (2) projects have been identified to be partly funded by the proceeds derived from the Guaranteed MTN Programme. Brief information on the respective projects is detailed below. Please refer to Section 9 for more detailed information on the Projects.

1.5.1 Project 1: Sandakan Harbour Square

The Sandakan Harbour Square is an urban renewal and redevelopment project in the commercial centre of Sandakan, Sabah. The project is the first sizeable mixed commercial development to take place in the town centre in the last 30 years, jointly developed by ICSD and MPS. A waterfront development, the project encompasses an integrated commercial, hospitality and recreational centre spanning across approximately 12 acres of land. This project comprises four phases, of which Phases 3 and 4 being the Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel respectively, are expected to complete in the first quarter of 2012.

1.5.2 Project 2: KL Sentral Hotel

KL Sentral Hotel is a 31-level hotel tower with adjoining 85 car park bays located in the heart of KL Sentral, Kuala Lumpur's urban transportation hub. In July 2010, IFSB entered into a sale and purchase agreement ("**SPA**") with the developer, Excellent

Bonanza Sdn Bhd (“**EBSB**”) for the acquisition of the KL Sentral Hotel. The project is expected to complete in the fourth quarter of 2012.

1.6 Rating of the Guaranteed MTN Programme by the Rating Agency

The Guaranteed MTN Programme has been accorded an indicative rating of AAA_(bg)/AAA_(fg) by the Rating Agency via its letter dated 23 September 2011.

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Section 2.0 Guarantee Facilities**2.1 The FGI Facility****2.1.1 Guarantor****Danajamin****Brief Information on Danajamin**

Danajamin is Malaysia's first Financial Guarantee Insurer ("**FGI**"), established in May 2009, to be a catalyst to stimulate and further develop the Malaysian bond/sukuk market. Danajamin provides financial guarantee insurance, a credit enhancement for bonds/sukuk issuances, to facilitate non-AAA rated companies to access the Private Debt Securities ("**PDS**") market.

Danajamin's key objectives are:

- to provide financial guarantee to enable financially viable companies to access the PDS market to obtain financing;
- to catalyse the further development of the domestic private debt securities market as an alternative source of financing to complement the banking industry; and
- to stimulate economic growth by improving access to capital for companies that are investing in the country.

Danajamin aims to:

- facilitate a wider range of companies to raise capital via the bond/sukuk market
- encourage smaller/non-traditional issuers to raise capital via the bond/sukuk market
- provide availability of long-term capital for a wider range of companies

Jointly owned by the Ministry of Finance Incorporated (50%) and Credit Guarantee Corporation Malaysia Berhad (50%), Danajamin is rated AAA by both the Rating Agency and MARC. Danajamin has an issued and paid-up capital of RM1.0 billion and another RM1.0 billion callable capital. Danajamin's underwriting capacity is up to RM15.0 billion, at 7.5 times gearing.

Danajamin is licensed under the Insurance Act 1996 and is regulated and supervised by Bank Negara Malaysia.

(Source: Danajamin's website www.danajamin.com.my)

2.1.2 FGI Facility

Danajamin has made available to the Issuer the FGI Facility in accordance with the terms and conditions as set out in the Financial Guarantee Facility Agreement to be entered into between the Issuer and Danajamin. The FGI Policies to be issued under the FGI Facility shall irrevocably and unconditionally guarantee the financial obligations of the Issuer with respect to the payment of the principal and one (1) coupon/interest payment (other than interest on late payment charges and charges in respect of the Guaranteed MTN Programme) relating to and corresponding with the

MTNs that shall be guaranteed by Danajamin in respect of a FG Tranche issued under the Guaranteed MTN Programme.

2.1.3 Tenure

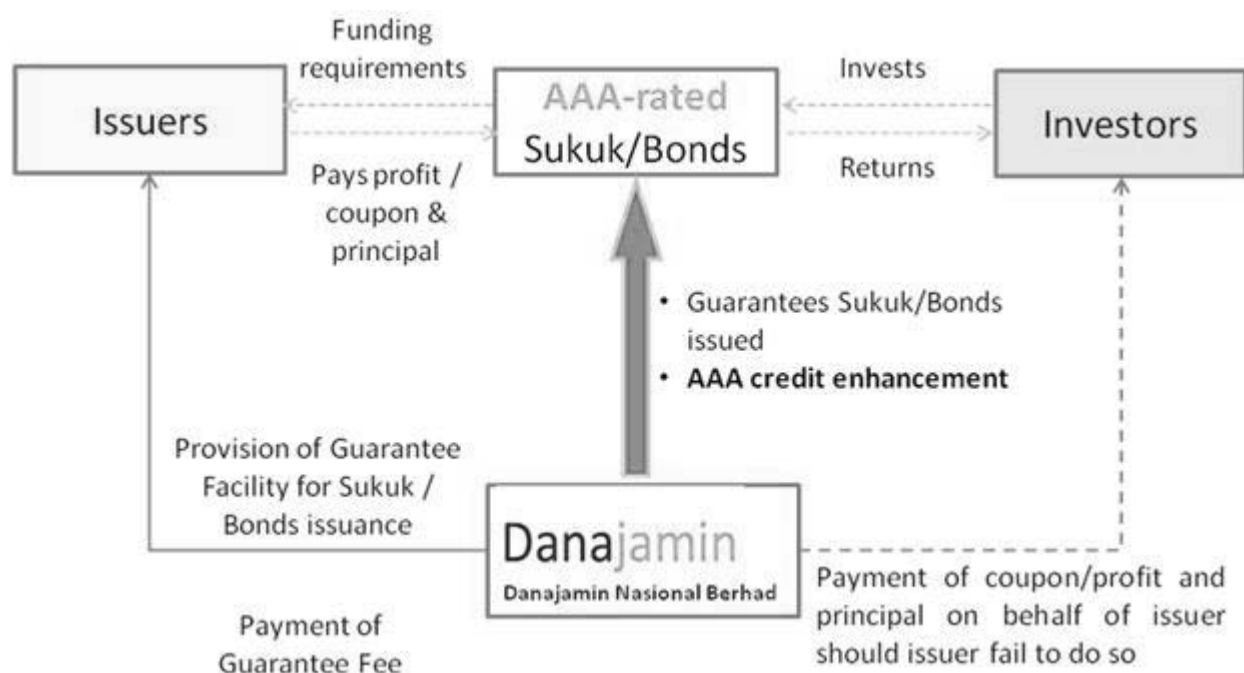
The tenure of the FGI Facility is for a period of up to ten (10) years from the date of the first issuance of the MTNs under the Guaranteed MTN Programme. Each FGI Policy for a particular issue of the MTNs under the Guaranteed MTN Programme shall be effective from the date of the issuance of the said FGI Policy (being the issue date of the MTNs) and expire on the expiry date of the said FGI Policy which shall be consistent with the maturity date of the said issue of the MTNs.

2.1.4 Claim Period

Each FGI Policy shall have a claim period of thirty (30) days from the expiry of the respective FGI Policy.

Danajamin shall make payment under the FGI Policy upon receipt of a written demand in the agreed form from the Trustee of the MTNs. Payment shall be made within ten (10) business days from the date of receipt by Danajamin of such written demand.

2.1.5 The Mechanics of Danajamin's Financial Guarantee Insurance



Danajamin provides financial guarantee insurance, a form of credit enhancement, to bonds/sukuk. With Danajamin's guarantee, the bonds/sukuk will be automatically upgraded to AAA(fg), the highest rating accorded to bonds/sukuk. With the improved rating, issuers will be more assured of a successful bonds/sukuk issuance. Investors, on the other hand, will have an opportunity to invest in AAA-rated papers that are guaranteed by Danajamin.

(Source: Danajamin's website www.danajamin.com.my)

2.1.6 Rating of Danajamin

Danajamin is rated AAA by both the Rating Agency and Malaysian Rating Corporation Berhad.

2.2 The Bank Guarantee Facility

2.2.1 Guarantors

OCBC

Brief Information on OCBC

OCBC, a wholly owned subsidiary of Oversea-Chinese Banking Corporation Limited (“**OCBC Limited**”), has been operating in Malaysia for almost eight decades and is presently one of the top foreign banks in the country by total assets and total loans. With a network of 34 branches located across both the Peninsula and East Malaysia, it has a customer base of more than 500,000 individuals, businesses and corporate customers. OCBC is rated AAA by both the Rating Agency and Malaysian Rating Corporation Berhad.

Share Capital Structure

As at 30 June 2011, OCBC has an authorised share capital of RM1,005,000,000 and a paid-up capital of RM291,500,000. The issued and paid-up share capital of OCBC comprises of 287,500,000 ordinary shares of RM1.00 each and 4,000,000 non-cumulative non-convertible preference shares of RM1.00 each.

Shareholding Structure

OCBC is a wholly owned subsidiary of OCBC Limited.

Board of Directors

Tan Sri Dato’ Nasruddin Bin Bahari

Aged 74, a Malaysian, is the Chairman of OCBC. He was appointed to the Board of Directors of OCBC on 23 January 1996. He holds a Bachelor of Arts with Honours from the University of Malaya and a Master of Public Administration from the University of Pittsburgh, USA. Apart from being Chairman of OCBC, he is also Chairman of OCBC Al-Amin Bank Berhad, Affin Moneybrokers Sdn Bhd, PacificMas Berhad, OCBC Credit Berhad, OCBC Advisers (Malaysia) Sdn Bhd and Sumber Petroleum Cemerlang (SPC) Sdn Bhd and a Director of Great Eastern Life Assurance (Malaysia) Berhad, Lingkaran Transkota Holdings Bhd and IJM Land Berhad.

Chew Sun Teong, Jeffrey

Aged 45, a Malaysian, is a Director and Chief Executive Officer of OCBC. He was appointed to the Board of Directors of OCBC on 8 August 2008. He is also a Director of OCBC Al-Amin Bank Berhad, E2 Power Sdn Bhd, PacificMas Berhad, Pac Lease Berhad and SME Credit Bureau (M) Sdn Bhd. He started He started his career with

PriceWaterhouseCoopers in 1987 involved in corporate audit and taxation for 4 years prior to joining Citibank Malaysia. During his 12-year career with Citibank, he held various positions in the areas of customer relationship in corporate, commercial and SMEs, international offshore banking and risk management. Prior to joining OCBC Malaysia in April 2003, his last held position was General Manager of Commercial/SME banking business and Director of Citicorp Capital Sdn Bhd. He is a qualified accountant and a Fellow Member of the Association of Chartered Certified Accountants, UK.

David Conner

Aged 62, an American, was appointed to the Board of Directors of OCBC on 25 September 2002. He has extensive banking experience in the Asia Pacific region, having worked for over 25 years with Citibank, N.A. where he served as Managing Director and Market Manager for Citibank Japan from 1999. He was also Chief Executive Officer of Citibank India from 1996 to 1999 and prior to that was Country Corporate Officer for Citibank's Singapore operations. He joined OCBC Bank in April 2002 as a Director and Group Chief Executive Officer and is presently Chairman of Bank of Singapore Limited, a Commissioner of PT Bank OCBC NISP Tbk and a Director of several companies, including OCBC Al-Amin, GEH and Lion Global Investors Ltd. Mr Conner holds a Bachelor of Arts from Washington University in St Louis and a Master of Business Administration from Columbia University.

Ching Wei Hong

Aged 51, a Singaporean, was appointed to the Board of Directors of OCBC on 20 June 2006. He is also the Senior Executive Vice President of OCBC Bank and is presently the Head of Global Consumer Financial Services. Prior to that he previously held the position of Chief Financial Officer with responsibilities including capital management, financial and management accounting, legal and regulatory compliance and investor relations, Head of Group Finance overseeing the Group's finance function and Head of Group Operations and Technology, overseeing the Group's transaction processing and technology operations. Mr Ching has more than 25 years of experience in regional finance, corporate banking and cash management. Before joining the Group, he was Director of Corporate Finance, Philips Electronics Asia Pacific Pte Ltd. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr Ching holds a Bachelor of Business Administration from the National University of Singapore. He is also presently the Chairman of Network for Electronic Transfers (S) Pte Ltd (NETS), a Director of OCBC Al-Amin, Bank of Singapore Limited and KTB Limited.

Soon Tit Koon

Aged 59, a Singaporean, was appointed to the Board of Directors of OCBC on 19 June 2003. He was the Chief Financial Officer of OCBC Bank from 2002 to June 2008 and was appointed Senior Executive Vice President in April 2007. He became the Head of Group Investments in June 2008 and was re-appointed the Chief Financial Officer in May 2010. As Chief Financial Officer of OCBC Group, he is responsible for financial and management reporting, legal and regulatory compliance, capital management and investor relations. He also oversees the Group's strategic investments and joint ventures, as well as non-core investments in equities and real estate. Prior to joining OCBC Bank, he was the Chief Financial Officer of Wilmar Holdings and before then the Managing Director of Citicorp Investment Bank. Mr Soon holds a Bachelor of Science with Honours from the University of Singapore and a Master of Business Administration from the University of Chicago.

Tan Siok Choo

Aged 59, a Malaysian, was appointed to the Board of Directors of OCBC on 27 July 2000. Ms Tan holds a Bachelor of Law from the University of Bristol, passed her Bar Finals at College of Law, London and was admitted as a Barrister-at-law in Lincoln's Inn, London and the Malaysian Bar. She is presently Vice-President and Editor of Noordin Sopiee & Associates Sdn Bhd and a visiting fellow at the Institute of Strategic and International Studies (ISIS) with specific interests in the Malaysian economy, the financial sector and capital markets. She also serves as a Director of OCBC Al-Amin, United Malacca Bhd and several other private companies. She has extensive experience in the financial services industry, having worked for almost 10 years in stockbroking and banking – as a senior research analyst for Rashid Hussain Securities, senior investment analyst at Morgan Grenfell Asia & Partners' Securities and Head of Corporate Finance at Southern Bank Berhad.

David Wong Cheong Fook

Aged 58, a Singaporean, was appointed to the Board of Directors of OCBC on 30 March 2004. He is presently Chairman of Ascendas Funds Management (S) Ltd and a Director of OCBC Al-Amin, PacificMas Berhad, Pacific Mutual Fund Berhad, The Pacific Insurance Berhad, Banking Computer Services Pte Ltd, Teva Pharmaceutical Investments Singapore Pte Ltd, Jurong International Holdings Pte Ltd, LMA International NV and Energy Market Company Pte Ltd. He also serves as a Member of the Casino Regulatory Authority of Singapore and the Board of the National Environment Agency. He holds a Bachelor of Arts with Honours in Economics and a Master of Arts from the University of Cambridge. He is also a Member of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants in Singapore.

Raja Lope Bin Raja Shahrome

Aged 74, a Malaysian, was appointed to the Board of Directors of OCBC on 10 March 2007. He holds an Honours Degree in Economics from the University of Malaya in Singapore, an MA from the University of Pennsylvania and a PhD from the London School of Economics. His working experience was mainly with central and commercial banking except for a few years when he was working in a rating agency. He currently sits on the Board of Directors/Governors of OCBC Al-Amin, PacificMas Berhad, First Nationwide Holdings Sdn Bhd, Standard London (Asia) Sdn Bhd and several other private companies.

MBB**Brief Information on MBB**

MBB is the holding company and listed entity for the Maybank Group with branches in Malaysia, Singapore and other international financial centres such as London, New York, Hong Kong and Bahrain. MBB's key overseas units subsidiaries are PT Bank Internasional Indonesia Tbk (BII), Maybank Philippines Inc, Maybank (PNG) Ltd in Papua New Guinea and Maybank International (L) Ltd in the offshore centre of Labuan. The major operating subsidiaries are Maybank IB, Maybank Islamic Berhad and Etiqa Insurance Berhad. MBB has associate companies in Pakistan (through 20%-owned MCB Bank) and in Vietnam (through 20%-owned An Binh Bank). MBB is rated AAA by both the Rating Agency and Malaysian Rating Corporation Berhad.

Share Capital Structure

As at 9 August 2011, MBB has an authorised share capital of RM10,000,000,000 and a paid-up capital of RM7,478,214,767. The issued and paid-up share capital of MBB comprises of 7,478,214,767 ordinary shares of RM1.00 each.

Shareholding Structure

MBB is the holding company and listed entity for the Maybank Group.

Board of Directors**Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor**

Aged 62, a Malaysian, is the Chairman of MBB. He was appointed as a Director and Chairman of MBB on 1 October 2009. He was an Independent Non-Executive Director of MBB from July 2004 to February 2009. He built an outstanding career in the oil and gas industry for 31 years with the Royal Dutch Shell Group of Companies and was the Regional Business Chief Executive Officer and Managing Director, Shell Exploration and Production B.V. prior to his retirement in early 2004. He was also the Chairman of Maxis Communications Berhad from January 2004 to November 2007, Etiqa Insurance & Takaful from January 2006 until February 2009, Malaysian Rubber Board from February 2009 to May 2010, Director of Capital Market Development Fund from January 2004 to January 2010 and Director of Woodside Petroleum Ltd, a company listed on the Australian Securities Exchange, from December 2007 to April 2011. Tan Sri Dato' Megat Zaharuddin holds a Bachelor of Science (Hons) in Mining Engineering from Imperial College of Science & Technology, University of London and is an Associate of the Royal School of Mines, United Kingdom.

Dato' Mohd Salleh Haji Harun

Aged 67, a Malaysian, is the Vice Chairman of MBB. He was appointed as a Director and Vice Chairman of MBB on 18 November 2009. He serves as Chairman of the Nomination and Remuneration and Employee Share Scheme Committees of the Board. Prior to that he was Chairman of the Credit Review Committee of the Board. He started his career as a Senior Accountant with the Treasury between 1971 and 1974 prior to joining the Maybank Group in 1974 as Investment Manager in Aseambankers Malaysia Berhad (now known as Maybank IB), before moving to Bank Rakyat for a short stint in 1978. Thereafter, Dato' Salleh returned to the Maybank Group where he served in various senior capacities culminating as Executive Director of MBB from 1994 to 2000. He was then appointed as a Deputy

Governor of Bank Negara Malaysia, a post he held up to 2004. Since then, he had held directorships in the RHB Group including as Chairman of RHB Insurance Berhad until November 2009. Dato' Mohd Salleh is a member of the Malaysian Institute of Certified Public Accountants and a fellow of the Institute of Bankers Malaysia.

Dato' Sri Abdul Wahid Omar

Aged 47, a Malaysian, is the Non-Independent Executive Director of MBB. He was appointed as the President & CEO and Executive Director of MBB on 1 May 2008. He serves as Chairman of the Group Executive Committee and as a member of the Credit Review Committee of the Board. Prior to joining MBB, he was the Group CEO of Telekom Malaysia Berhad from July 2004 to April 2008. He was also formerly the Managing Director/Chief Executive Officer of the UEM Group Berhad and UEM World Berhad as well as the Executive Vice Chairman of PLUS Expressways Berhad. This was preceded by serving at Telekom Malaysia Berhad as the Chief Financial Officer in 2001. He was previously a Director of Group Corporate Services cum Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, Chairman of Amanah Short Deposits Berhad as well as a Director of Amanah Merchant Bank Berhad and several other financial services companies. Dato' Sri Abdul Wahid is a fellow of the Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Accountants.

Tan Sri Datuk Dr Hadenan A. Jalil

Aged 65, a Malaysian, is the Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 15 July 2009. He serves as Chairman of the Audit Committee and as a member of the Nomination and Remuneration, and Employee Share Scheme Committees of the Board. He was Auditor General from 2000 to 2006. He served with the Government for 36 years in various capacities in the Treasury, the Ministry of International Trade and Industry and the Ministry of Works prior to his appointment as Auditor General. Tan Sri Datuk Dr Hadenan holds a PhD from Henley Management College, United Kingdom, a Master of Business Management from Asian Institute of Management, Philippines and a Bachelor of Economics from University of Malaya.

Dato' Seri Ismail Shahudin

Aged 60, a Malaysian, is the Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 15 July 2009. He serves as Chairman of the Credit Review Committee of the Board. He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008. He has held senior positions in Citibank, serving both in Malaysia and New York, United Asian Bank and MBB where he was appointed Executive Director in 1997. He left MBB in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad prior to his appointment to the Board of Bank Muamalat Malaysia Berhad. Dato' Seri Ismail holds a Bachelor of Economics from University of Malaya.

Dato' Dr Tan Tat Wai

Aged 64, a Malaysian, is the Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 15 July 2009. He serves as Chairman of the Risk Management Committee and as a member of the Nomination and Remuneration, and Employee Share Scheme Committees of the Board. He started his career with Bank Negara Malaysia in 1978, undertaking research in economic policies.

Subsequently, he assumed the role of a consultant to Bank Negara Malaysia, World Bank and the United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade, set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government appointed Malaysian Business Council, the Corporate Malaysia Roundtable, the Penang Industrial Council, the Industrial Co-ordination Council (ICC) and the National Committee on Business Competitiveness (NCBC) set up by the Ministry of International Trade and Industry. He represented Malaysia as a member of the APEC Business Advisory Council (ABAC) and sat on the Council of Wawasan Open University. Dato' Dr Tan holds a PhD DMPN, PhD in Economics from Harvard University, USA, a Master of Economics from University of Wisconsin (Madison), USA, a Bachelor of Science in Electrical Engineering & Economics from Massachusetts Institute of Technology, USA.

Zainal Abidin Jamal

Aged 57, a Malaysian, is the Non-Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 22 July 2009. He serves as a member of the Credit Review, Nomination and Remuneration, and Employee Share Scheme Committees of the Board. He is a practising corporate and commercial lawyer and established his firm, Zainal Abidin & Co in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Prior to that, he had practised in Singapore where he was enrolled in 1980 as an Advocate and Solicitor of the Supreme Court of Singapore and had also served as a First Class Magistrate in Brunei Darussalam. He holds a LLB (Honours) from University of Singapore.

Alister Maitland

Aged 70, an Australian, is the Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 26 August 2009. He serves as a member of the Nomination and Remuneration, Risk Management and Employee Share Scheme Committees of the Board. In his career spanning 35 years in Australia, New Zealand and the UK, he has held many key roles within the ANZ Banking Group Ltd including that of Chief Economist and Managing Director of ANZ New Zealand. In his last six years with the ANZ Group, he served on the main board of ANZ Bank as Executive Director International, directly responsible for ANZ Group's operations in 42 countries. He holds a Degree in commerce from Victoria University, New Zealand and is an AMP Graduate from Harvard Business School, USA.

Cheah Teik Seng

Aged 57, a Malaysian, is the Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 26 August 2009. He serves as a member of the Audit and Risk Management Committees of the Board. As a federal government Public Services Department scholarship holder, he served in the civil service in the early '80s. After leaving government service, he took on various roles in the banking and financial services industry both locally as well as in London, Hong Kong and Singapore. He held positions in Public Bank, Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and in BNP Paribas holding the position of Managing Director for a tenure of nine years. He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. He is currently a Director and partner of Aktis Capital Singapore Pte Ltd. He holds a Bachelor of Science from University of Manchester, United Kingdom and is a fellow of the Institute of Chartered Accountants in England and Wales.

Dato' Johan Ariffin

Aged 52, a Malaysian, is the Independent Non-Executive Director of MBB. He was appointed as Director of MBB on 26 August 2009. He serves as a member of the Audit and Credit Review Committees of the Board. He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several subsidiaries of public listed companies while venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009. Dato' Johan holds a Bachelor of Arts in Economics from Indiana University, USA and a Master of Business Administration from University of Miami, USA.

Sreesanthan Eliathamby

Aged 50, a Malaysian, is the Non-Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 26 August 2009. He serves as a member of the Risk Management and Audit Committees of the Board. He is an Advocate & Solicitor and a Partner with the legal firm of Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner with the legal firm of Messrs Zain & Co. He holds a LLB (Hons) from University of Malaya and a BCL (Postgrad degree in Law) from University of Oxford, United Kingdom.

Datuk Mohaiyani Shamsudin

Aged 63, a Malaysian, is the Independent Non-Executive Director of MBB. He was appointed as a Director of MBB on 22 August 2011. She was with Amanah Chase Merchant Bank Berhad before starting her own stockbroking company, Mohaiyani Securities Sdn Bhd, in 1985. During her active involvement in the stockbroking industry, she was appointed as Deputy Chairman of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) and Chairman of Association of Stockbroking Companies Malaysia. In addition, she had been appointed as a member of several high level national working groups such as National Economic Action Council (NEAC), National Economic Consultative Council II (MAPEN II), National Information Technology Council (NITC) and Ministry of Finance High Level Finance Committee for Corporate Governance. Datuk Mohaiyani holds a Master of Business Administration (Finance) from Cornell University, Ithaca, New York, USA and a Bachelor of Arts (Economics) from Knox College, Galesburg, Illinois, USA.

2.2.2 Bank Guarantee Facility

The Bank Guarantors have made available to the Issuer the Bank Guarantee Facility in accordance with the terms and conditions as set out in the Bank Guarantee Facility Agreement to be entered into between, inter alia the Issuer, the Bank Guarantors and MBB as the facility agent. The Bank Guarantees to be issued under the Bank Guarantee Facility shall irrevocably and unconditionally guarantee the financial obligations of the Issuer with respect to the payment of the principal and one (1) coupon/interest payment (other than interest on late payment charges and charges in respect of the Guaranteed MTN Programme) relating to and corresponding with the MTNs under the BG Tranche that shall be guaranteed by the Bank Guarantors on a several basis proportionate to their Guarantee Commitment under the Bank Guarantee Facility.

2.2.3 Tenure

The tenure of the Bank Guarantee Facility is for a period of up to ten (10) years from the date of the first issuance of the MTNs under the Guaranteed MTN Programme. Each Bank Guarantee for a particular issue of the MTNs under the Guaranteed MTN Programme shall be effective from the date of the issuance of the said Bank Guarantee (being the issue date of the MTNs) and expire on the expiry date of the said Bank Guarantee which shall be consistent with the maturity date of the said issue of the MTNs.

2.2.4 Claim Period

Each Bank Guarantee shall have a claim period of thirty (30) days from the expiry of the respective Bank Guarantee.

The Bank Guarantors shall make payment under the Bank Guarantee upon receipt of a written demand in the agreed form from the Trustee of the MTNs. Payment shall be made within ten (10) business days from the date of receipt by the MBB as the facility agent under the Bank Guarantee Facility of such written demand.

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Section 3.0 Principal Terms and Conditions of the Guaranteed MTN Programme

Save as otherwise defined herein, capitalised terms in this section shall have the same meaning as those defined in the Definitions.

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

- (i) **Principal adviser** : Maybank Investment Bank Berhad (Company No. 15938-H) (“**Maybank IB**”)
- (ii) **Lead arranger** : Maybank IB
- (iii) **Co-arranger** : Not applicable
- (iv) **Solicitor** : Zul Rafique & partners
- (v) **Financial adviser** : Not applicable
- (vi) **Technical adviser** : Not applicable
- (vii) **Trustee** : Mayban Trustees Berhad (Company No. 5004-P)
- (viii) **Guarantor** : Danajamin Nasional Berhad (Company No. 854686-K) (“**Danajamin**”);
Malayan Banking Berhad (Company No. 3813-K)(“**MBB**”);
and
OCBC Bank (Malaysia) Berhad (Company No. 295400-W) (“**OCBC**”).

The Guarantee Facility of up to a maximum amount of RM525.0 million is to be made available to the Issuer by each of the Guarantors on a several basis proportionate to their guarantee commitments as follows subject to the Amortisation/Reduction Schedule (as defined herein):

Guarantors	Facility	Guarantee Commitment (RM million)
Danajamin	Financial Guarantee Insurance (“ FGI Policy ”)	300.0
MBB	Bank Guarantee (“ BG ”)	125.0
OCBC	BG	100.0
Total		525.0

Each issuance under a Series shall comprise of a tranche of MTNs which has the benefit of the BG (the “**BG Tranche**”) and a tranche of MTNs which has the benefit of the FGI Policy (the “**FGI Tranche**”).

- (ix) **Valuer** : Not applicable

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Guaranteed MTN Programme of up to RM515.0 million
Information Memorandum

- (x) **Facility agent** : Maybank IB
- (xi) **Primary subscriber (under a bought-deal arrangement) and amount subscribed (where applicable)** : OCBC, Maybank IB and/or such other party as may be determined by the Issuer. The amount to be subscribed is determined prior to the issuance in the event of a bought-deal basis.
- (xii) **Underwriter(s) and amount underwritten** : Not applicable
- (xiii) **Central depository** : Bank Negara Malaysia ("**BNM**")
- (xiv) **Paying agent** : BNM
- (xv) **Reporting accountant** : Not applicable
- (xvi) **Calculation agent** : Not applicable
- (xvii) **Others (please specify)**
- Lead manager** : Maybank IB
- Rating agency** : RAM Rating Services Berhad (Company no. 763588-T) ("**RAM Rating**").
- Co-Manager** : OCBC
- (b) **Facility description** : Guaranteed Medium Term Notes Programme ("**Programme**") for the issuance of guaranteed Medium Term Notes ("**MTNs**").
- (c) **Issue/programme size** : Up to RM515.0 million in nominal value comprising the following series and subject to the Amortisation/Reduction Schedule (as defined herein):-

Series	Nominal Value
1	up to RM120.0 million
2	up to RM125.0 million
3	up to RM270.0 million
Total	RM515.0 million

The outstanding nominal value of the MTN issued under the Programme at any point in time shall not exceed RM515.0 million and shall not exceed the amount of the BG/FGI Facility ("**BG/FGI Facility**") outstanding.

Each Series under the Programme shall comprise of multiple issuances, namely in relation to an issuance under a Series, a tranche comprising of MTNs which has the benefit of the

BG and a tranche comprising of the MTNs which has the benefit of the FGI Policy.

- (d) **Tenure of issue/debt programme (or facility)** : Tenure of the Programme
The tenure of the Programme is up to ten (10) years from the date of the first issuance under the Programme.
Maturity of the MTN
More than one (1) year and up to eight (8) years as the Issuer may select, provided that all the MTN shall mature prior to the expiry of the Programme.
- (e) **Availability period of debt programme (or facility)** : The MTN is available for issuance throughout the tenure of the Programme, subject to the first issuance to be effected within two (2) years from the date of the Securities Commission's ("SC") approval.
- (f) **Interest/coupon rate** : To be determined prior to each issuance.
- (g) **Interest/coupon payment frequency** : Semi-annually or such other period to be agreed upon between the Issuer and the Facility Agent prior to each issuance of the MTN.
- (h) **Interest/coupon payment basis** : Actual number of days / 365 days.
- (i) **Security/collateral (if any)** : Clean. However the Issuer's obligation under each Series of the MTN under the Programme shall be severally guaranteed by the BG or FGI Policy (as defined hereafter) from the Guarantors on a pro-rata basis up to their respective guarantee commitments.
- (j) **Details on utilisation of proceeds** : The MTN proceeds will be utilised for the following purposes:
Series 1 – up to RM120.0 million in nominal value
1. Up to RM99.0 million shall be utilised to refinance ICSD's existing Term Loan 1 ("TL 1") Facility of RM99.0 million (as defined below). In the event that the amount specified is not utilised in full for the purpose mentioned herein, the remaining amount may be utilised by the Issuer for onward lending to ICSD for the construction of the Sandakan Harbour Mall;
 2. The remaining RM21.0 million shall be utilised to finance/to reimburse ICSD and/or its shareholder for the variation order and fit out costs, professional fees, pre-opening expenditure and contingency costs in relation to the Sandakan Harbour Mall.
- Series 2 – up to RM125.0 million in nominal value
1. Up to RM101.0 million shall be utilised to refinance ICSD's existing Term Loan 2 ("TL 2") Facility of RM101.0 million (as defined below). In the event that the amount specified is not utilised in full for the purpose mentioned herein, the remaining amount may be utilised

by the Issuer for onward lending to ICSD for the construction of the Four Points by Sheraton Sandakan Hotel;

2. The remaining RM24.0 million to finance/to reimburse ICSD and/or its shareholder for the variation order and fit out costs, professional fees, pre opening expenditure and contingency costs in relation to the Four Points by Sheraton Sandakan Hotel.

The TL 1 and TL 2 form part of the facilities under a RM249.5 million syndicated credit facilities ("**Syndicated Facilities**") obtained by ICSD to finance the construction of a retail mall cum car park complex and convention centre ("**Sandakan Harbour Mall**") and a hotel ("**Four Points by Sheraton Sandakan Hotel**") respectively, which forms part of an integrated urban development project undertaken by ICSD and known as Sandakan Harbour Square, located within the waterfront of Sandakan.

The Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel are collectively referred to as "Sandakan Properties".

Series 3 - up to RM270.0 million in nominal value

1. Up to RM208.0 million is to be utilised to part finance the acquisition cost of KL Sentral Hotel (as defined below) by IFSB.
2. The remaining balance shall be used to finance/to reimburse IFSB for the furniture, fixtures, fit out costs, professional fees, pre opening expenditure and contingency costs in relation to the KL Sentral Hotel (as defined below).

KL Sentral Hotel refers to a 31-level hotel tower and adjoining 85 car park bays located on Parcel C&D of the land under Geran 46230, Lot 364, Seksyen 72, Bandar Kuala Lumpur, District of Wilayah Persekutuan.

For the avoidance of doubt, all matured MTNs may be rolled over (i.e. maturing MTNs may be refinanced via proceeds from issuance of new MTNs).

(k) **Sinking fund and designated accounts (if any)** : Not applicable

(l) **Rating** : The Programme has been accorded an indicative rating of AAA(bg)/AAA(fg) by RAM Rating Services Berhad (Company No. 763588-T) ("**RAM Rating**").

(m) Mode of issue : The MTN may be issued on a private placement and/or bought deal on a best effort basis without prospectus.

The MTN shall be issued in accordance with (1) the MyClear OPSS and (2) the "Participation and Operations Rules for Payment and Securities Services" issued by MyClear dated 6 May 2011 ("**MyClear PORPSS**"), as amended and substituted from time to time (collectively, the "**MyClear Rules and Procedures**").

(n) Selling restriction, including tradability : The MTN shall not be offered or sold, directly or indirectly in Malaysia other than to persons falling within any of the categories of persons or in the circumstances specified under.

(i) At point of issuance:

- a. Schedule 6 (or Section 229(1)(b)); or
- b. Schedule 7 (or Section 230(1)(b)); and
- c. Schedule 9 (or Section 257(3)),
of the Capital Markets and Services Act 2007 ("CMSA"),
as amended from time to time.

(ii) After the issuance:

- a. Schedule 6 (or Section 229(1)(b)); and
- b. Schedule 9 (or Section 257(3)),
of the CMSA, as amended from time to time.

The MTN shall be traded in the secondary market on a willing-buyer willing-seller basis.

(o) Listing status and types of listing : The MTN will not be listed on any exchange.

(p) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify) : Not applicable

(q) Conditions precedent : **Conditions Precedent prior to first issuance**

Conditions precedent typical and customary for a facility of this nature including but not limited to and shall be in the form and substance acceptable to the LA:

Main Documentation

- (a) The Transaction Documents (as defined herein) and all other relevant documents in the form and substance satisfactory to the LA and the Legal Counsel have been executed and, where applicable, stamped (unless otherwise exempted) and presented for registration.

Issuer

- (a) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer;
- (b) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer;
- (c) A certified true copy of board resolution of the Issuer authorising, among others, the issuance of the MTN and the execution of the relevant Transaction Documents under the Programme to which the Issuer is a party;
- (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; and
- (f) A report of the relevant winding up search or the relevant statutory declaration of the Issuer confirming that the Issuer has not been wound up.

General

- (a) Evidence of the approval from the SC in respect of the MTN Programme have been obtained;
- (b) Written legal opinion from the Solicitors addressed to the LA, confirming among others:-
 - i. the legality, validity and enforceability of the Transaction Documents; and
 - ii. all conditions precedents have been fulfilled or waived (as the case may be);
- (c) Confirmation from the Rating Agency of the minimum rating of AAA(bg)/AAA(fg) (or its equivalent) for the Programme;
- (d) The consents from all existing financiers, chargees, bank guarantors or assignees (where applicable) have been obtained for the Issuer to undertake the MTN Programme and issue the MTNs;
- (e) All transaction fees, costs and expenses payable to the LA and Lead Manager have been paid in full or an arrangement (acceptable to the LA) for the payment of the relevant transaction fees, costs and expenses in relation to the Programme; and
- (f) Such other conditions precedent as may be advised by the Solicitors.

Conditions Precedent for each issuance of MTN

- (a) Issuer's confirmation that it is in compliance of all Representations and Warranties and no Event of Default or potential Event of Default has occurred; and
- (b) Such other conditions precedent as may be advised by

the Solicitors.

- (r) **Representations and warranties** and : The representations and warranties typical and customary for a Programme issuance of this nature including but not limited to:-
- (a) The Issuer is duly established and validly existing under the laws of Malaysia and has the power and authority to enter into the business in which it is engaged;
 - (b) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the respective Programme agreements;
 - (c) All necessary actions, authorisations and consents required under the respective Programme agreements by the Issuer to which it is a party has been taken, fulfilled and obtained and remain in full force and effect;
 - (d) The Issuer's entry into, exercise of its rights under and performance of its obligations under the respective Programme agreements to which it is a party does not and will not violate any existing law or any agreements to which it is a party or its memorandum and articles of association;
 - (e) The Issuer's latest audited accounts have been prepared in accordance with accounting principles and standards generally accepted in Malaysia and fairly represent the financial position of Issuer as at such date; and
 - (f) No event that would constitute a contravention of or default under the Transaction Documents (to which the Issuer is a party) has occurred and is continuing; and
- Any other representations and warranties which may be advised by the Legal Counsel.

- (s) **Events of default** : The events of default typical and customary for a Programme of this nature including but not limited to:-

(i) **Non-Payments:**

- (1) the Issuer fails to pay any amount due from it under any Series of the MTN. For the purpose of this clause (i)(1):
 - A. non-payment of any amount due under a BG Tranche (as hereinafter defined in clause (v)(2)) shall not constitute an event of default in respect of the FGI Tranches (as hereinafter defined in clause (v)(2));
 - B. save where the Trustee has declared or required to declare an Event of Default in respect of all FGI Tranches, non-payment of any amount due under any FGI Tranche shall not constitute an event of default in respect of

the BG Tranches;

C. non-payment of any amount due under an FGI Tranche shall not constitute an event of default in respect of other FGI Tranches;

(2) the Issuer fails to pay any amount due from it under any of the Transaction Documents to which it is a party (other than under clause (i)(1)) on the due date or date of demand, if so payable;

(ii) **Other Breaches:**

the Issuer breaches any of its obligations or terms and conditions under any of the Transaction Documents to which it is a party (other than under clause (i)) which has a Material Adverse Effect and, if such breach in the reasonable opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee of the breach, whichever is earlier;

(iii) **Misrepresentation:**

any representation, warranty or statement which is made by the Issuer in the Transaction Documents is or proves to be incorrect or misleading in any material respect, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;

(iv) **Invalidity:**

any provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable which would prevent the Issuer from or entitle the Issuer to refrain from performing any of its obligations thereunder;

(v) **Cessation of business:**

the Issuer ceases to carry on all or a substantial part of its business operation as at the date of the Trust Deed, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;

(vi) **Appointment of receiver, legal process:**

an encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or a substantial part of the business, assets or undertaking of the Issuer and is not paid out, withdrawn or discharged within thirty (30) days of such appointment, and which will have a Material Adverse Effect;

(vii) **Insolvency:**

the Issuer is unable to pay its debts within Section 218(2) of the Companies Act, 1965 and the Issuer has not taken any action in good faith to set aside such claims within twenty one (21) days from the date of

service of such claims for payment;

(viii) **Winding-up:**

a resolution being passed or an order of court is made that the Issuer be wound up or similar proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted (other than for the purposes of an intra Group reorganisation on a solvent basis or an amalgamation, merger or reconstruction the terms whereof have previously been approved by the Trustee unless during or following such reconstruction the Issuer becomes or is declared to be insolvent); or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is presented for the winding-up or dissolution of the Issuer by an order of a court of competent jurisdiction unless such petition is stayed, withdrawn or dismissed within sixty (60) days (or such extended period as the Trustee may consent, such consent not to be unreasonably withheld) of its presentation; or the Issuer undergoes any scheme of reconstruction, arrangement or compromise pursuant to Section 176 of the Companies Act or the same has been instituted against it. For purposes of this clause, "Group" shall mean the Issuer and its subsidiaries, if any;

(ix) **Assets:**

all or a material part of the property or assets of the Issuer shall be condemned, seized or otherwise appropriated, nationalised or compulsorily acquired by any person acting under the authority of the governmental body, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;

(x) **Composition:**

the Issuer makes a general assignment or enters into an arrangement or composition with or for the benefit of its creditors in respect of all or a material part of (or a particular type of) its indebtedness;

(xi) **Repudiation:**

the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;

(xii) **Cross Default:**

save for such indebtedness which are being contested in good faith by the Issuer, any indebtedness of any member of the Group for monies borrowed becomes due or payable or capable of being declared due or payable prior to its stated maturity by reason of a default by any member of the Group in its obligations in respect of the same, or any member of the Group fails to make any payment in respect thereof on the due

date for such payment or if due on demand when demanded or the security for any such indebtedness becomes enforceable or any guarantee or similar obligations of any member of the Group for any such indebtedness is not discharged at maturity or when called provided that no Event of Default under this clause (xii) shall occur if the aggregate amount of indebtedness for monies borrowed is less than fifty per centum (50.0%) of the Group's total borrowed monies (including Islamic financing but excluding the MTN issued under the Programme) or Ringgit Malaysia One Hundred Million (RM100.0 Million), whichever is the higher.

For the purpose of this clause, "Group" shall mean the Issuer and its subsidiaries, if any;

(xiii) **Judgment passed:**

the Issuer fails to satisfy any judgment which has a Material Adverse Effect passed against it by any court of competent jurisdiction and no appeal against such judgment has been made to the appropriate appellate court within the time prescribed by law or such appeal has been dismissed.

Specific Events of Default in respect of the BG Tranches

- (i) MBB and/or OCBC have served a notice to require the Trustee to make a demand or claim on any BG pursuant to and in accordance with the terms of the BG Facility and the BG. For the purpose of this item, such notice by MBB and/or OCBC requiring the Trustee to demand or claim on a BG issued in relation to a BG Tranche shall constitute an Event of Default in respect of the other BG Tranches;
- (ii) The Trustee has declared or is required to declare an Event of Default in respect of all FGI Tranches;
- (iii) Occurrence of any of the following events:
 - (a) if the BG ceases to be, or claimed by MBB and/or OCBC not to be, in full force and effect;
 - (b) if it is or will become unlawful for MBB and/or OCBC to perform or comply with any one or more of its obligations under the BG;
 - (c) if a resolution being passed or an order of court is made that MBB and/or OCBC be wound up or similar proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is presented for the winding-up or dissolution of MBB and/or OCBC by an order of

a court of competent jurisdiction unless an application to stay, withdraw or dismiss such petition has been filed by MBB and/or OCBC with the relevant authority within thirty (30) days of its presentation and such petition is stayed, withdrawn or dismissed within seventy five (75) days of its presentation;

- (d) MBB and/or OCBC repudiates the BG or does or causes to be done any act or thing evidencing an intention to repudiate the BG;
- (e) MBB and/or OCBC is unable to pay its debts within Section 218(2) of the Companies Act, 1965 and MBB and/or OCBC has not taken any action in good faith to set aside such claims within twenty one (21) days from the date of service of such claims for payment.

Specific Events of Default in respect of the FGI Tranches

- (i) Danajamin has served a notice on the Trustee to require the Trustee to make a demand or claim on any FGI Policy pursuant to and in accordance with the terms of the FGI Facility and the FGI Policy. For the purpose of this item, such notice by Danajamin requiring the Trustee to demand or claim on an FGI policy issued in relation to a FGI Tranche shall not constitute an Event of Default in respect of the other FGI Tranches unless Danajamin has also served a notice on the Trustee to make a demand or claim on the FGI Policy issued in relation to such other FGI Tranches;
- (ii) Occurrence of any of the following events:
 - (a) the FGI Policy ceases to be, or is claimed by Danajamin not to be, in full force and effect;
 - (b) it is or will become unlawful for Danajamin to perform or comply with any one or more of its obligations under the FGI Policy;
 - (c) a resolution being passed or an order of court is made that Danajamin be wound up or similar proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is presented for the winding-up or dissolution of Danajamin by an order of a court of competent jurisdiction unless an application to stay, withdraw or dismiss such petition has been filed by Danajamin with the relevant authority within thirty (30) days of its presentation and such petition is stayed, withdrawn or dismissed within

seventy five (75) days of its presentation;

- (d) other than such failure by Danajamin as described in item (ii)(f) below, Danajamin stops or threatens to stop payment in respect of its obligations generally or any other debenture of or monies borrowed or any guarantee or indemnity given by Danajamin is not honoured when due and called upon or any indebtedness of the Danajamin for monies borrowed becomes due or payable or capable of being declared due or payable prior to its stated maturity by reason of a default by Danajamin in its obligations in respect of the same, or Danajamin fails to make any payment in respect thereof on the due date for such payment or if due on demand when demanded or the security for any such indebtedness becomes enforceable or any guarantee or similar obligations of the Danajamin is not discharged at maturity or when called provided that the aggregate amount of the Danajamin's obligations in respect of which one or more of the events set out in herein has occurred equals or exceeds RM100 million;
- (e) Danajamin ceases to carry on its business operation;
- (f) Danajamin fails to pay any amount due from it under the FGI Policy issued by Danajamin in relation to the FGI Tranches when due and called upon;
- (g) Danajamin repudiates the FGI Policy or does or causes to be done any act or thing evidencing an intention to repudiate the FGI Policy;
- (h) Danajamin is unable to pay its debts within Section 218(2) of the Companies Act, 1965 and Danajamin has not taken any action in good faith to set aside such claims within twenty one (21) days from the date of service of such claims for payment.

Consequence of Events of Default for the MTNs generally

Upon the occurrence of any of the events above (other than the Event of Default referred to in clause (s)(i)(1), Specific Events of Default in respect of the BG Tranches and Specific Event of Default in respect of the FGI Tranches), the Trustee may, or shall if directed to do so by the MTN holders of all series pursuant to a special resolution, declare that an Event of Default (other than the Event of Default referred to in clause (i)(1), Specific Events of Default in respect of the BG Tranches and Specific Event of Default in respect of the FGI Tranches) has occurred in respect of the MTN of all series, whereupon:

- (1) all outstanding MTN under the Programme shall become immediately due and payable;
- (2) upon the Issuer's failure to pay any amount due from it under any Series of the MTN, the Trustee shall submit a claim on all the BG and on all the FGI Policies.

Declaration of Events of Default for MTN holders in respect of the BG Tranches and Consequence

Upon the occurrence of any of the Event of Default referred to in the Specific Event of Default in respect of the BG Tranches (other than Specific Event of Default in respect of the BG Tranches, item (s)(i)(1)), the Trustee may, or shall if directed to do so by the holders of the BG Tranches pursuant to a special resolution, declare that an Event of Default has occurred in respect of all other BG Tranches, whereupon:

- (1) all outstanding sums in respect of the MTNs guaranteed under the BG Facility, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the BG in respect of all the BG Tranches,

Upon the occurrence of the Event of Default referred to in clause (s) (i)(1) in relation to a BG Tranche, the Trustee shall without the need to seek further instructions or directions from the holders of all other BG Tranches, declare that such Event of Default has occurred in respect of the BG Tranches whereupon:

- (1) all outstanding sums in respect of the MTNs guaranteed under the BG Facility, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the BGs in respect of all the BG Tranches.

Upon the occurrence of the Event of Default referred to in Specific Event of Default in respect of the BG Tranches, item (i) in relation to a BG Tranche ("**BG Invited Tranche**"), the Trustee shall without the need to seek further instructions or directions from the MTN holders of the BG Invited Tranche and all other BG Tranches, declare that such Event of Default has occurred in respect of the BG Tranches, whereupon:

- (1) all outstanding sums in respect of the BG Invited Tranche and all other BG Tranches, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the BGs in respect of the all BG Tranches.

Declaration of Events of Default for MTN holders in respect of the FGI Tranches and Consequence

Upon the occurrence of any of the Event of Default referred to in the Specific Events of Default in respect of the FGI Tranches (other than the Specific Events of Default in respect of the FGI Tranches items (i) and (ii)(f)), the Trustee may, or shall if directed to do so by the holders of the FGI Tranches pursuant to a special resolution, declare that an Event of Default in respect of all other FGI Tranches, whereupon:

- (1) all outstanding sums in respect of all the MTNs guaranteed under the FGI Facility, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on all the FGI Policies in respect of the FGI Tranches.

Upon the occurrence of the Event of Default referred to in clause (s)(i)(1) in relation to a FGI Tranche ("**Affected Tranche**"), the Trustee shall without the need to seek further instructions or directions from the MTN holders of the Affected Tranche, declare that such Event of Default has occurred in respect of the Affected Tranches, whereupon:

- (1) all outstanding sums in respect of the Affected Tranche, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the FGI Policy in respect of the Affected Tranche.

For the avoidance of doubt, apart from the Affected Tranche, all other FGI Tranches will continue unaffected and will continue to be guaranteed under the respective FGI Policy.

Upon the occurrence of the Event of Default referred to in Specific Event of Default in respect of the FGI Tranches, item (i) in relation to a FGI Tranche ("**FGI Invited Tranche**"), the Trustee shall without the need to seek further instructions or directions from the MTN holders of the FGI Invited Tranche, declare that such Event of Default has occurred in respect of the FGI Invited Tranche, whereupon:

- (1) all outstanding sums in respect of the FGI Invited Tranche, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the FGI Policy in respect of the FGI Invited Tranche.

For the avoidance of doubt, apart from the FGI Invited Tranche, all other FGI Tranches will continue unaffected and will continue to be guaranteed under the respective FGI Policy.

Upon the occurrence of the Event of Default referred to in Specific Events of Default in respect of the FGI Tranches

item (ii)(f), the Trustee shall without the need to seek further instructions or directions from the holders of all the other tranches, being the tranches other than the Affected Tranches which Danajamin has failed to pay such amount that is due and called upon it, (such other tranches is hereinafter referred to as “**Unaffected Tranches**”), declare that such Event of Default has occurred in respect of all the Unaffected Tranches, whereupon:

- (1) all outstanding sums in respect of all the Unaffected Tranches, shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the FGI Policies in respect of all the Unaffected Tranches.

(t) Covenants

(1) Information Covenants

: Information covenants typical and customary for an issue of this nature including but not limited to:-

- (a) The Issuer shall provide the Trustee at least on an annual basis within 120 days from the end of its financial year, a certificate confirming that it has complied with all its obligations under the Programme agreements and the terms and conditions of the MTN and there does not exist or had not existed, from the date of the MTN were issued, any Event of Default, and if such is not the case, to specify the same;
- (b) The Issuer shall deliver to the Trustee the following:
 - (i) Year-end audited financial statements within 120 days from its fiscal year end, and such other information (financial or otherwise) as the Trustee may reasonably require from time to time;
 - (ii) Half-yearly unaudited financial statements/management accounts within 60 days from the end of each half-year;
 - (iii) Promptly after receipt of such request by the Trustee, any other material information relating to its business, affairs and financial condition as may from time to time reasonably requested by the Trustee in order to discharge its duties and obligations as Trustee from time to time, to the extent permitted by law.
- (c) The Issuer must make available the following information and documents to the targeted investors of the MTN throughout the availability period of the Programme:
 - (i) A pricing supplement which provides the indicative terms (which includes, but not limited to issue date, size, tenure, credit rating, coupon payment and utilisation of proceeds) of a specific issue or offer under the Programme

prior to such issue or offer to its targeted investors, except if the MTN are tendered through the fully Automated System for Issuing and Tendering ("**FAST**") or of the MTN are issued or offered on primary subscription basis; and

- (ii) The latest annual audited financial statements.
- (d) The Issuer shall, through the Facility Agent, disseminate the latest annual audited financial statements, as stated in paragraph (c)(ii) above, in the following manner:
 - (i) Announce through FAST that the said annual audited financial statements have been made available in a public domain and specify the website address of the public domain; or
 - (ii) Deliver a soft copy of the said annual audited financial statements to the SC through DS@seccom.com.my not later than one hundred and eighty (180) days after the annual financial close.

(2) Positive Covenants : The Issuer shall provide covenants which are typical and customary for an issuance of this nature which shall include but not limited to the following:-

- (a) Perform all its obligations under and comply with all provisions of the Transaction Documents to which it is a party;
- (b) Obtain, preserve, keep in force and effect and promptly renew from time to time all licences, rights, authorisations, approvals, consents and exemptions, registrations, recordings, filings or notarisations which are required under the applicable law or regulation including those necessary for the Issuer to own its assets, the carrying out of the businesses of the Issuer or to ensure the validity, enforceability or priority of its liabilities and obligations or the rights of the Trustee, the MTN holders or any other party under the Transaction Documents and shall comply with the terms and conditions of the same;
- (c) Preserve and maintain good and valid title to its properties and assets;
- (d) Pay and discharge all taxes imposed upon it or its assets within the time period allowed without incurring penalties save to the extent that (a) payment is being consented in good faith, and for which adequate reserves are being maintained for those taxes, or (b) payment can be lawfully withheld;
- (e) To the extent required by law, punctually pay and

discharge all indebtedness payable by it;

- (f) Utilise the issue proceeds for the purpose as represented herein;
- (g) Appoint from time to time such auditor or firm of auditors duly licensed by its respective governing bodies;
- (h) Ensure that the terms in any of the Transaction Documents do not contain any matter which is inconsistent with the provisions of the information memorandum issued in relation to the MTN Programme;
- (i) Acquire and maintain the necessary insurance policies;
- (j) Execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Trust Deed;
- (k) Comply with all applicable and relevant laws and regulations with regards to the Programme;
- (l) The Issuer will 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;
- (m) The Issuer shall notify the Trustee immediately in the event that the Issuer becomes aware of the following:
 - (i) Any circumstances that has occurred that would materially prejudice the Issuer;
 - (ii) Any claims against it which could have Material Adverse Effect (as defined herein) under the Transaction Documents to which it is a party and any action that the Issuer is taking in relation to such claims;
 - (iii) Any change in the withholding tax position or taxing jurisdiction of the Issuer insofar it affects the payment obligations of the Issuer under the Trust Deed;
 - (iv) Any take-overs, mergers, acquisitions and divestments undertaken by the Issuer which may affect its financial or liquidity position;
 - (v) Any Event of Default or that such other right or remedy under the terms, provisions and covenants of the Transaction Documents have become immediately enforceable;
 - (vi) Any substantial change in the nature of the business of the Issuer or the Guarantors;
 - (vii) Any change in the Guarantors;
 - (viii) Any cessation of liability of the Guarantors for the payment of the whole or part of the moneys for which it is liable under the BG/FGI Facility;

- (ix) Any change in the utilisation of proceeds of the MTN with the Guarantors' prior written consent;
 - (x) Any right or remedy under the terms of the Trust Deed becomes immediately enforceable;
 - (xi) Any other matters that may materially prejudice the interest of the MTN holders.
- (n) 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;
 - (o) 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 Transaction Documents;
 - (p) Ensure that a credit rating is made available throughout the tenure of the Programme, unless the rating is suspended or withdrawn by the Rating Agency. In this regards, the Issuer must undertake to provide relevant information on continuous basis to the Rating Agency involved, in accordance with the format and frequency as agreed with the Rating Agency, so that timely dissemination of relevant information and rating analysis can be made available to the investors of the MTN; and
 - (q) Such other covenants as may be advised by the Legal Counsel.

(3) Negative Covenants : The Issuer without the prior written consent of the Trustee, shall not do any of the following, which shall include but not limited to:-

- (a) Constitutional Document: add to, delete, vary, amend or substitute its memorandum and articles of association to be inconsistent with the provisions under the Transaction Documents;
- (b) Dissolution: dissolve its affairs or consolidate with or merge with any other person or into another entity or otherwise, which would have a Material Adverse Effect;
- (c) Surrender Rights etc: cancel, surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Transaction Documents (except as permitted under the Transaction Documents), which would have a Material Adverse Effect;
- (d) Indebtedness: the Issuer shall not incur any further indebtedness for borrowed money whatsoever save and

except for the MTN and the BG/FGI Facility;

- (e) Security interest: Create any security interest over all or any of its assets, business and/or undertakings save to facilitate the BG/FGI Facility;
- (f) Share capital: Reduce or in any way alter (except by way of an increase) its authorised and issued paid-up capital;
- (g) No Change in Business: change or cause or permit to change the nature or scope of its existing business or operations or suspend its existing business operations which would have a Material Adverse Effect;
- (h) Licences: cancel, surrender, abandon or otherwise amend or permit to be cancelled, surrendered, abandoned or otherwise amended, any licences, grant, consents, approvals or authorisations in any way which could have a Material Adverse Effect, unless imposed by any applicable law or authorities;
- (i) Related party transaction: 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;
- (j) Rating Requirement: Replace the Rating Agency during the tenure of the Programme unless the Issuer has obtained the approval of the MTN holders by way of a special resolution; and
- (k) Others: Such other negative covenants as may be advised by the Legal Counsel.

(u) Provisions on buy-back and early redemption of bonds

- (1) Redemption** : Unless previously redeemed, purchased and cancelled and subject to the Early Redemption Event clause herein, the MTN will be redeemed at par on the respective maturity date of the MTN.

Any MTN redeemed cannot be re-issued.

- (2) Repurchase and Cancellation** The Issuer may at any time purchase the MTN in the open market at the then market price or by private treaty. The MTN so purchased by the Issuer shall not be counted for the purposes of voting and shall be cancelled.

All MTN purchased and cancelled may not be reissued.

- (3) Early Redemption** : Notwithstanding the scheduled redemption of the MTNs, the Issuer may, at its option at any time two (2) years after the date of first issuance of the respective Series, redeem such Series at the Early Redemption Value plus any accrued but unpaid coupon from the immediate preceding Coupon

Payment Date (from the Early Redemption date) to the Early Redemption date from the Bondholders subject to the Issuer having given a fourteen (14) days prior written notice of its intention to redeem the Series.

For avoidance of doubt, each Series shall be redeemed in whole and not in part

(4) Early Value Redemption : The amount payable on Early Redemption date of the respective Series of MTN shall be at an amount governed by the following formula:

$$\text{Amount payable} = \frac{(\text{PB} \times \text{ERP})}{100}$$

where:

PB = the nominal value of the MTN to be redeemed

ERP = early redemption price per RM100 of the nominal value of the MTN to be redeemed (rounded to the nearest 5 decimal places) subject to a minimum of RM100 calculated based on the formula set out below.

$$\text{ERP} = \left[\frac{100}{\left[1 + (\text{YTM}/2) \right]^{(N-1)}} \right] + \left[\sum_{k=1}^N \frac{\left(100 \times (\text{Coupon}/2) \right)}{\left[1 + (\text{YTM}/2) \right]^{(k-1)}} \right]$$

For the purposes of calculating the ERP, the following variables are used:-

- (i) Coupon = the original coupon rate of the MTN.
- (ii) YTM = the lower of (a) the coupon rate of the MTN or (b) the yield to maturity of Reference Malaysian Government Securities + a spread of 20 basis points ("Spread").

Reference Malaysian Government Securities shall be Malaysian Government Securities for tenures which is equal to the remaining tenure of the MTN being redeemed and shall be determined from:-

- (a) the latest Consolidated Government Securities Rates (Conventional) published by BNM, three (3) business days prior to the date of issue of the notice of redemption or, if that published rate is unavailable;
- (b) the arithmetic average of the mid-rates quoted by any five (5) principal dealers, three (3) business days prior to

the date of issue of the notice of redemption.

In the case where the rate for a particular tenure is not available directly, then such a rate shall be extrapolated on a linear basis using the available arithmetic average mid-rates, provided that if the tenure of the MTN is not an integer, the Reference Malaysian Government Securities shall be the arithmetic mean of the rates of the two (2) nearest tenures derived from (a) or (b) above.

(v) Other principal terms and conditions for the issue

- (1) Amortisation/Reduction on Schedule** : The limit of Programme shall be subject to the reduction schedule below:-

Months from First Issue Date	Reduction Amount (RM'Million)	Reduced Programme Limit (RM'Million)
60 th	30.0	485.0
72 nd	40.0	445.0
84 th	40.0	405.0
96 th	40.0	365.0
108 th	50.0	315.0
120 th	315.0	-

- (2) BG/FGI Policy** : MBB and OCBC shall issue bank guarantee(s) ("**BG**") and Danajamin shall issue financial guarantee insurance policy(ies) ("**FGI Policy**") respectively in favour of the Trustee, proportionate to their guarantee commitment under the BG/FGI Facility, to guarantee the principal and one (1) coupon payment obligations of the Issuer under each Series of MTN under the Programme on a several basis (other than interest on late payment charges and charges in respect of the MTN/Programme).

Each Series under the Programme shall comprise of multiple issuances, namely in relation to an issuance under a Series, a tranche comprising of MTNs which has the benefit of the BG and a tranche comprising of the MTNs which has the benefit of the FGI Policy.

Each BG/FGI Policy shall only allow for one (1) claim to be made against the Guarantors.

- (3) Issue Price** : The MTN shall be issued at par or at a discount to face value. The issue price shall be calculated in accordance with the Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") dated 6 May 2011, as amended and substituted from time to time ("**MyClear OPSS**").

- (4) Yield to Maturity** : To be determined at the prior to each issuance.

- (5) Issuance Conditions** : The MTN may be issued in multiples of RM1,000,000 but subject to the FAST Rules and other standard conditions

including but not limited to the following:-

- (i) compliance to the Conditions Precedent clause;
- (ii) receipt of the BG/FGI Policy is the agreed form; and
- (iii) the issue notice shall be given to the Facility Agent at least seven (7) business days in relation to the first issuance and five (5) business days in relation to subsequent issuances prior to and excluding the date of the proposed issue.

(6) Status : Obligations represented by the MTN under the Programme shall constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer under Malaysian laws and shall at all times rank pari passu with all other present and future unsecured unsubordinated indebtedness or other obligations of the Issuer, except for indebtedness preferred by mandatory provision of law.

(7) Form and Denomination : Each issuance of the MTN shall be represented by global certificates to be deposited with the Central Depository, which are exchangeable for definitive bearer certificates only in certain limited circumstances.

The denomination of the MTN shall be RM1,000,000 or in multiples of RM1,000,000 at the time of issuance or if required, such other denominations in accordance with FAST and/or any other procedures/guidelines issued by the relevant authorities.

(8) Minimum Level of Subscription : The minimum level of subscription for each issue that is not issued on a bought deal basis (which shall be fully subscribed) under the Programme shall be 100% of each issuance.

In the event that the MTN are under-subscribed and cannot meet the minimum level of subscription, the said issue, offer or invitation shall be aborted and where applicable, any consideration received for the purpose of subscription shall be immediately returned to the respective subscribers.

(9) Claim Process /Claim Period : A demand on any of the BG/FGI Policy must be made no later than thirty (30) days from the expiry of the respective BG/FGI Policy; failing which the Guarantors' liability under such BG/FGI Policy shall be discharged.

In the event a demand is to be made under any of the BG/FGI Policy, the Beneficiary shall be required to issue a claim on such BG/FGI Policy to the relevant Guarantors and upon any receipt of such claim, the Guaranteed Amount up to the date that such demand is being made will be due and payable by the relevant Guarantors within ten (10) business days from the date of receipt of such claim by the Facility Agent of the relevant BG/FGI Policy.

Only one (1) claim can be made on each BG/FGI Policy and the claim is capped to the amount as stated in the

respective BG/FGI Policy (“Guaranteed Amount”) and such BG/FGI Policy shall cease to be valid upon payment of the Guaranteed Amount. Any demand on any of the BG/FGI Policy shall only take effect upon actual receipt of the demand in writing from the Beneficiary by the Guarantor of the relevant BG/FGI Policy.

(10) Default Interest Rate : In the event of any overdue payment of any sums due under the Programme, the Issuer shall pay default interest at the rate of 1% per annum above the applicable rate, which is the coupon rate(s) of such MTN, from the due date up to the date of actual receipt by the MTN holders.

(11) Indemnity : The Issuer shall unconditionally and irrevocably indemnify the Trustee and/or LA and/or Facility Agent and/or the Guarantors for any claim against the Trustee and/or LA and/or Facility Agent and/or the Guarantors under the Programme. Upon a demand in writing by the Trustee and/or LA and/or Facility Agent and/or the Guarantors, the Issuer shall within fourteen (14) days from the receipt of such written notice forthwith pay all sums outstanding or due payable under the Programme, together with all other costs and charges incurred as a result of such claims.

(12) Material Adverse Effect : Means in relation to any event or circumstances, the occurrence or effect of which, has resulted in, or will be likely to result in a material adverse effect on:

- (a) the financial conditions, business or operations of the Issuer or the Guarantors, as the case may be; or
- (b) the Issuer’s ability to perform its obligations under any provisions of the Transaction Documents or the Guarantors’ ability to perform their respective obligations under any provisions under the BG/FGI Facility, as the case maybe; or
- (c) the rights and remedies available to the Trustee or the MTN holders under any provision of the Transaction Documents,

and references herein and in the Transaction Documents to any event or circumstances which “has” or which “would have” a Material Adverse Effect shall be construed accordingly.

(13) Transaction Documents and Facility Documents : The standard Transaction Documents for a programme of this nature, would include, inter alia:

- (i) Programme Agreement
- (ii) Trust Deed
- (iii) BG
- (iv) FGI Policy

(as amended from time to time) and any other agreements and documents as and when required and deemed

necessary by the Legal Counsel and/or the Lead Arranger or Facility Agent which shall reflect and incorporate conditions stated herein and other conditions, warranties, covenants, events of default and all relevant provisions under the Programme.

The standard Facility Documents relating to the BG/FGI Facility, would include, inter alia:

- (i) Syndicated Bank Guarantee Facility Agreement
- (ii) Financial Guarantee Insurance Facility Agreement
- (iii) Security Sharing Agreement
- (iv) Debenture
- (v) Assignment and Charge of Designated Accounts
- (vi) Assignment of Insurances
- (vii) Corporate Guarantee
- (viii) Land Charge
- (ix) Shares Charge
- (x) Deed of Undertaking
- (xi) Assignment of Put Option Rights and Proceeds
- (xii) Assignment of Sale and Purchase Agreement and Deed of Mutual Covenant
- (xiii) Put Option Agreements
- (xiv) Call Option Agreements

(as amended from time to time) and any other agreements and documents as and when required and deemed necessary by the Guarantors under the BG/FGI Facility.

- (14) Taxation** : All payment of principal, coupon and other amounts will be made without deduction or withholding for or on account of any taxes, duties, assessment or charges of whatsoever nature, present or future. If any taxes are imposed, the Issuer shall pay additional amounts so that the Facility Agent will receive the full amount, which would otherwise have been received.
- (15) Legal Fees and Other Expenses** : All costs, charges and expenses including the trustee fee, legal and other professional fees, rating fees, service tax, stamp duties (if any), penalties imposed by authorities (if any), SC and BNM fees, and other incidental costs, charges and expenses shall be borne by the Issuer, even if the Programme is subsequently aborted for any reason whatsoever.
- (16) Other Conditions** : The Programme shall be at all times governed by such rules and directives (whether or not having the force of law) required of or imposed on the participating financial institution(s) by the SC and/or any other appropriate authorities having jurisdiction over matters pertaining to the

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(17) Currency : Ringgit Malaysia (“RM”).

(18) Governing Laws and Jurisdiction : Laws of Malaysia and the non-exclusive jurisdiction of the Courts of Malaysia.

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Section 4.0 Information on Silver Sparrow Berhad**4.1 Background Information**

The Issuer was incorporated in Malaysia on 5 May 2011 as a private limited company. The Issuer was subsequently converted to a public company on 30 September 2011.

The Issuer is a wholly owned subsidiary of ASPL M10 Limited, a company incorporated under the laws of the British Virgin Islands, and ASPL M10 Limited is in turn a wholly owned subsidiary of Aseana, a company incorporated under the laws of Jersey and listed on the London Stock Exchange.

The principal activities of the Issuer are to participate in the transactions contemplated under the Guaranteed MTN Programme.

4.2 Corporate Information**4.2.1 Share Capital Structure**

As at 31 August 2011, the Issuer has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and a paid up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each.

4.2.2 Shareholding Structure

As at 31 August 2011, the shareholder of the Issuer is as follows:-

Name of Shareholder	No. of Shares	Percentage of Shareholding
ASPL M10 Limited	2	100%

4.3 Board of Directors

As at 31 August 2011, the Board of Directors of the Issuer are as follows:-

(a) Lai Voon Hon

Lai Voon Hon, aged 47, a Malaysian, was appointed to the Board of Directors of the Issuer on 20 June 2011. He is also an Executive Director of Ireka and the Chief Executive Officer of Ireka Development Management Sdn Bhd. He joined Ireka in 1994 as the Group General Manager and was appointed to the Board of Directors in 1996. He is also a Director of several subsidiaries within the Ireka group of companies ("**Ireka Group**"). He graduated from University College London, London University and Ashridge Management College with Bachelor of Science (Hons) Degree in Architecture in 1987 and Post-graduate Diploma in Architecture (Dip-Arch) in 1989 and a Master in Business Administration ("MBA") (Distinction) degree in 1993 respectively. An architect by profession, he has practiced in London, Hong Kong and Malaysia prior to joining Ireka. He is a registered Professional Architect with the Board of Architects, Malaysia. He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd.

(b) Lai Voon Huey

Lai Voon Huey, aged 45, a Malaysian, was appointed to the Board of Directors of the Issuer on 20 June 2011. She is also an Executive Director of Ireka and the Chief Financial Officer of Ireka Development Management Sdn Bhd. She joined Ireka as the Group Financial Controller in 1993 and was appointed to the Board of Directors in 1999. She is also a Director of several subsidiaries within the Ireka Group. She graduated from City University, London, with a Bachelor of Science (Hons) Degree in Accountancy and Economics. She has worked for two international accounting firms in England and Hong Kong prior to joining Ireka. She is a fellow member of several institutes that include the Institute of Chartered Accountants, England and Wales; Chartered Accountants, Malaysia; and the Malaysian Institute of Taxation. She is a major shareholder of Ireka, through her interest in Ideal Land Holdings Sdn Bhd.

Note: The following person was appointed as a director of the Issuer on 22 September 2011

Lai Man Moi

Lai Man Moi, aged 63, a Malaysian, was appointed to the Board of Directors of the Issuer on 22 September 2011. She is also an Executive Director of Ireka. She joined Ireka in 1975 and was appointed to the Board of Directors in 1990. She is also a Director in several subsidiaries within Ireka Group. She has over 40 years experience in finance and accounting and is a member of several institutes including the Association of Accounting Technicians, United Kingdom; the International Association of Book-Keepers (UK); and the Institute of Commercial Management. She is a major shareholder of Ireka, through her interest in Magnipact Resources Sdn Bhd.

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Section 5.0 Information on Aseana Properties Limited**5.1 Background Information**

Aseana Properties Limited was incorporated on 22 September 2006 in Jersey as a public company. Aseana is a property development company, listed on the Main Market of London Stock Exchange on 5 April 2007. Aseana was established to focus on property development opportunities in Vietnam and Malaysia.

5.2 Corporate Information**5.2.1 Share Capital Structure**

As at 31 August 2011, the authorised share capital is USD100,000,000 divided into 2,000,000,000 ordinary shares of USD0.05 each and issued share capital of 212,525,000 ordinary shares of USD0.05 each.

5.2.2 Shareholding Structure

As at 31 August 2011, the substantial shareholders of Aseana are as follows:-

Name of Shareholder	No. of Shares	Percentage of Shareholding
Ireka Corporation Berhad	48,913,623	23.02%
Legacy Essence Limited	39,086,377	18.39%
Henderson New Star	26,246,171	12.35%
Standard Life Investments	14,500,000	6.82%
Funds managed by Cayenne Asset Management	10,630,000	5.00%
Dr. Thong Kok Cheong	10,610,532	4.99%
Charlemagne Capital IOM	6,389,060	3.01%

5.3 Board of Directors

As at 31 August 2011, the directors of Aseana are as follows:-

Dato' Mohammed Azlan Hashim was appointed as Chairman (Non-Executive) of Aseana in March 2007. Currently, Dato' Azlan is also Non-Executive Chairman of Parkway Holdings Limited, Asiasons Capital Limited and Asiasons WFG Financial Ltd, which are companies based in Singapore.

In Malaysia, Dato' Azlan serves as Chairman of several public entities, listed on Bursa Malaysia Securities Berhad, including D&O Green Technologies Berhad and SILK Holdings Berhad and director of Scomi Group Bhd.

He has extensive experience working in the corporate sector including financial services and investments. Among others, he has served as Chief Executive, Bumiputra Merchant Bankers Berhad, Group Managing Director, Amanah Capital Malaysia Berhad and Executive Chairman, Bursa Malaysia Berhad Group.

Dato' Azlan also serves as a Board Member of various government related organisations including Khazanah Nasional Berhad, Labuan Financial Services Authority and is a member of Employees Provident Fund and the Government Retirement Fund Inc. Investment Panels.

Dato' Azlan holds a Bachelor of Economics from Monash University, Melbourne and qualified as a Chartered Accountant in 1981. He is a Fellow Member of the Institute of Chartered Accountants, Australia, Member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Directors, Fellow Member of the Institute of Chartered Secretaries and Administrators and Hon. Member of The Institute of Internal Auditors, Malaysia.

Christopher Henry Lovell was appointed as Director (Non-Executive) of Aseana in March 2007. He was a partner in Theodore Goddard between 1983 and 1993 before setting up his own legal practice in Jersey. In 2000 he was one of the founding principals of Channel House Trustees Limited, a Jersey regulated trust company, which was acquired by Capita Group plc in 2005, when he became a director of Capita's Jersey regulated trust company. He joined Governance Partners LP, an independent corporate governance practice, on his retirement from Capita in January 2010.

Christopher was a director of BFS Equity Income & Bond plc between 1998 and 2004, BFS Managed Properties plc between 2001 and 2005 and Yatra Capital Limited between 2005 and 2010. His other current non-executive directorships include Treveria Plc, NR Nordic & Russia Properties Limited and Public Service Properties Investments Limited.

David Harris was appointed as Director (Non-Executive) of Aseana in March 2007. David is currently Chief Executive of InvaTrust Consultancy Ltd, a company that specialises in the provision of investment marketing services to the Financial Services Industry in both the UK and Europe. He was formerly Managing Director of Chantrey Financial Management Ltd, a successful investment and fund management company linked to Chartered Accountants, Chantrey Vellacott. From 1995 to 2000, he was Director of the Association of Investment Companies overseeing marketing and technical training.

He is currently a non-executive director of a number of quoted companies in the UK including Character Group plc, COBRA Holdings plc, Small Companies Dividend Trust plc, F&C Managed Portfolio Trust plc, Manchester & London Investment Trust plc and Core VCT V plc. He writes regularly for both the national and trade press and appears regularly on TV and Radio as an investment commentator. He is a previous winner of the award "Best Investment Adviser" in the UK.

Dato' Seri Ismail Shahudin was appointed as Director (Non-Executive) of Aseana in March 2007. He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008. He has held senior positions in Citibank, serving both in Malaysia and New York, United Asian Bank and MBB where he was appointed Executive Director in 1997. He left MBB in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad prior to his appointment to the Board of Bank Muamalat Malaysia Berhad. Dato' Seri Ismail holds a Bachelor of Economics from University of Malaya.

John Lynton Jones was appointed as Director (Non-Executive) of Aseana in March 2007. Lynton is chairman of Bourse Consult, a consultancy that advises clients on initiatives relating to exchange trading, regulation, clearing and settlement. He has an

extensive background as a chief executive of several exchanges in London, including the International Petroleum Exchange, the OM London Exchange and Nasdaq International (whose operations he set up in Europe in the late 1980s). He was chairman of the Morgan Stanley/OMX joint venture Jiway in 2000 and 2001.

At the time of "Big Bang" in the mid-1980s he ran public affairs for the London Stock Exchange. He spent the first 15 years of his career in the British Diplomatic Service where he became private secretary to a minister of state and concluded this stage of his career as Financial Services Attaché at the British Embassy in Paris.

He spent several years as a board member of London's Futures and Options Association and of the London Clearing House. He is an advisor to the City of London Corporation and was the founding chairman of the Dubai International Financial Exchange (now known as Nasdaq Dubai) from 2003 until 2006. He serves on the board of Kenetics Group Limited and is a Trustee of the Horniman Museum in London. He studied at the University of Wales, Aberystwyth, where he took a first class honours in International Politics.

Gerald Ong Chong Keng was appointed as Director (Non-Executive) of Aseana in September 2009. Gerald is Chief Executive Officer of PrimePartners Corporate Finance Group, has over 20 years of corporate finance related experience at various financial institutions providing a wide variety of services from advisory, M&A activities and fund raising exercises incorporating various structures such as equity, equity-linked and derivative-enhanced issues. He was appointed a Director of Metro Holdings Limited listed on the Singapore Exchange Securities Trading Limited in June 2007.

Gerald has been the Chairman of the Singapore Investment Banks Association Corporate Finance Committee since 2007 and has been granted the Financial Industry Certified Professional status. He is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School.

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Section 6.0 Information on ICSD Ventures Sdn Bhd**6.1 Background Information**

ICSD Ventures Sdn Bhd was incorporated in Malaysia on 15 November 2002 as a private limited company under the name of Ireka-Charng Sheng Development Sdn Bhd. It subsequently changed its name to ICSD Ventures Sdn Bhd on 10 May 2006.

The principal activity of ICSD is property development.

6.2 Corporate Information**6.2.1 Share Capital Structure**

As at 31 August 2011, the authorised share capital of ICSD is RM10,000,000 divided into 9,900,000 ordinary shares of RM1.00 each and 100,000 redeemable preference shares of RM1.00 each. Its paid-up share capital is RM8,750,000.00 divided into 8,750,000 ordinary shares of RM1.00 each.

6.2.2 Shareholding Structure

As at 31 August 2011, the shareholder of ICSD is as follows:-

Name of Shareholder	No. of Shares	Percentage of Shareholding
ASPL M2 Limited	8,750,000	100%

6.3 Board of Directors

As at 31 August 2011, the directors of ICSD are as follows:-

Lai Man Moi

Please refer to paragraph 4.3 above.

Lai Voon Hon

Please refer to paragraph 4.3 above.

Lai Voon Huey

Please refer to paragraph 4.3 above.

Section 7.0 Information on Iringan Flora Sdn Bhd**7.1 Background Information**

Iringan Flora Sdn Bhd was incorporated in Malaysia on 6 October 2009 as a private limited company. IFSB is a dormant company. IFSB has not commenced operations since the date of its incorporation. Its intended principal activity is to own and operate a city hotel.

7.2 Corporate Information**7.2.1 Share Capital Structure**

As at 31 August 2011, the authorised share capital is 100,000 divided into 100,000 ordinary shares of RM1.00 each. Its paid-up share capital is RM2.00 divided into 2 ordinary shares of RM1.00 each.

7.2.2 Shareholding Structure

As at 31 August 2011, the shareholder of IFSB is as follows:-

Name of Shareholder	No. of Shares	Percentage of Shareholding
ASPL M3 B Limited	2	100%

7.3 Board of Directors

As at 31 August 2011, the directors of IFSB are as follows:-

(a) Lai Voon Hon

Please refer to paragraph 4.3 above.

(b) Lai Voon Huey

Please refer to paragraph 4.3 above.

Note: The following person was appointed as a director of IFSB on 22 September 2011

Lai Man Moi

Please refer to paragraph 4.3 above.

Section 8.0 Financial Highlights
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ASEANA

	Unaudited Six months ended 30 June 2011 US\$'000	Audited Year ended 31 December 2010 US\$'000	Audited Year ended 31 December 2009 US\$'000
Continuing activities			
Revenue	189,671	179,345	115,256
Cost of sales	(164,055)	(177,184)	(100,746)
Gross profit/(loss)	25,616	2,161	14,510
Other income	413	679	248
Administrative expenses	(664)	(1,017)	(1,064)
Foreign exchange gain/(loss)	403	(670)	1,827
Goodwill Impairment	-	-	(7)
Management fees	(1,724)	(3,994)	(4,196)
Marketing expenses	(4,787)	(10,036)	(4,791)
Other operating expenses	(1,257)	(2,816)	(3,092)
Operating profit/(loss)	18,000	(15,693)	3,435
Finance income	365	794	2,115
Finance costs	(183)	(534)	(595)
Net finance income	182	260	1,520
Impairment of investment in associate	-	-	-
Share of results of associate, net of tax	-	-	(607)
Net profit/(loss) before taxation	18,182	(15,433)	4,348
Taxation	(11,289)	(5,795)	(3,635)
Profit/(loss) for the period/year	6,893	(21,228)	713
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations	49	3,107	(209)
Increase in fair value of available-for-sale investments	-	4,828	-
Total other comprehensive income for the period/year	49	7,935	(209)
Total comprehensive income/(expense) for the period/year	6,942	(13,293)	504
Profit/(loss) attributable to:			
Equity holders of the parent	7,198	(20,205)	835
Non-controlling interests	(305)	(1,023)	(122)
Total	6,893	(21,228)	713
Total comprehensive income/(expense) attributable to:			
	7,650	(12,206)	916

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Equity holders of the parent	(708)	(1,087)	(412)
Non-controlling interests			
Total	6,942	(13,293)	504
Earnings/(loss) per share			
Basic and diluted (US cents)	3.39	(9.51)	0.37

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ASEANA

	Unaudited As at 30 June 2011 US\$'000	Audited As at 31 December 2010 US\$'000	Audited As at 31 December 2009 US\$'000
Non-current assets			
Property, plant and equipment	4,619	4,497	1,070
Investment in an associate	-	-	-
Available-for-sale investments	22,052	22,052	17,224
Intangible assets	15,937	17,174	17,174
Long term receivables	-	-	-
Deferred tax assets	10,187	19,400	7,167
Total non-current assets	52,795	63,123	42,635
Current assets			
Inventories	347,023	431,473	399,040
Trade and other receivables	37,143	31,499	24,392
Amount due from an associate	207	382	785
Cash and cash equivalents	43,426	150,385	61,957
Total current assets	427,799	613,739	486,174
TOTAL ASSETS	480,594	676,862	528,809
Equity			
Share capital	10,626	10,626	10,626
Share premium	221,226	221,226	221,226
Capital redemption reserve	1,874	1,874	1,874
Translation reserve	3,623	3,171	-
Fair value reserve	4,828	4,828	-
Exchange fluctuation reserve	-	-	-
Accumulated losses	(41,660)	(48,858)	(28,653)
Shareholders' equity	200,517	192,867	205,073
Non-controlling interests	3,638	4,346	4,365
Total equity	204,155	197,213	209,438
Current liabilities			
Deferred revenue	63,310	188,462	109,802
Trade and other payables	96,111	112,940	84,504
Bank loans and borrowings	80,346	68,463	36,976
Medium term notes	-	72,923	-
Current tax liabilities	11,956	12,637	2,318
Total current liabilities	251,723	455,425	233,600
Non-current liabilities			
Amount due to non-controlling interests	3,082	3,048	2,887
Finance lease liabilities	-	-	-
Bank loans	21,634	21,176	20,147
Long term loans	-	-	-
Medium term notes	-	-	62,737
Total non-current liabilities	24,716	24,224	85,771
Total liabilities	276,439	479,649	319,371

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TOTAL EQUITY AND LIABILITIES	480,594	676,862	528,809
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Section 9.0 Project Description

9.1 Sandakan Harbour Square

9.1.1 Project Background and Location

The Sandakan Harbour Square is an urban renewal and redevelopment project in the commercial centre of Sandakan, Sabah. The project is the first, sizeable mixed commercial development to take place in the town centre in the last 30 years, jointly developed by ICSD and MPS. It is aimed to rejuvenate Sandakan town centre with a modern mix of commercial development integrated with new and improved civic amenities. A waterfront development, the project encompasses an integrated commercial, hospitality and recreational centre spanning across approximately twelve (12) acres of land. Key objectives of the project include:

- *Growth* – as a catalyst towards modernisation of Sandakan and to create business opportunities and synergies in the city
- *Social Rejuvenation* – aim to bring “life” back to the new heart of Sandakan
- *Tourism* – a city with a population of approximately 500,000, with eco-tourism as one of the main drivers of the local economy, a visit to Sandakan will only be complete with a visit to the Sandakan Harbour Square.

In April 2009, the Sandakan Harbour Square won the coveted Asia Pacific Property Awards 2009 (in association with CNBC Arabiya) in the Commercial Redevelopment / Renovation Category with award criteria focusing on the development's location, concept and finishing, security, sustainability, innovations as well as marketing.

Sandakan Harbour Square comprises of four phases, with Phases 3 and 4 being the Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel respectively.

The Sandakan Harbour Mall is the first and only modern purpose-build retail shopping mall in Sandakan with approximately 200,000 sq. ft nett lettable area which will be managed by CB Richard Ellis (“**CBRE**”). The only unique shopping destination in the city, the mall will offer a whole new retail experience, with five (5) floors of retail space designed for ideal tenancy mix and over 100 brands, six (6) levels of covered car park space with 949 parking lots and a 3,205 sq.m. Convention Hall which accommodates seatings up to 1,500 pax.

Level	Estimated net retail area (sq. m.)
Ground	2,929
First	2,944
Second	4,002
Third	3,958
Fourth	4,235
Fifth	572
Total	18,640

*Source: Developer***Table 1: Net retail area for Sandakan Harbour Mall**

The Four Points by Sheraton Sandakan Hotel, will be the first and only international hotel in Sandakan, managed by Starwood Hotels and Resorts Worldwide, Inc. ("**Starwood Hotels**"). With a modern design and spectacular sea view, the hotel offers a wholesome stay and dining experience with:

- fourteen (14) floors of hotel rooms;
- food and beverage outlets, namely The Eatery (all day dining), The Brewery, Wrapped (café and delicatessen) and lobby lounge;
- business facilities including a ballroom to cater up to 600 pax for corporate events and private functions and six (6) meeting rooms;
- other facilities such as a swimming pool and gymnasium; and
- 24-hour room service.

The hotel occupies the 11th to 26th floors of the building with the ground and first floors accommodating the hotel lobby and other facilities that can also be easily accessible to the public such as outdoor café, deli, gift shop, lounge and pub. Other business facilities such as meeting rooms are located on the 12th floor while a ballroom with pre-function area and supporting amenities is situated on the 13th floor together with other hotel recreational facilities and restaurant.

Type	Estimated room area (sq. m.)	Total no. of rooms	%
Standard	23 – 48	206	68.7
Executive / suites	28 – 119	94	31.3
Total		300	100.0

*Source: Developer***Table 2: Guest room classification for Sandakan Hotel**

9.1.2 Gross Development Value

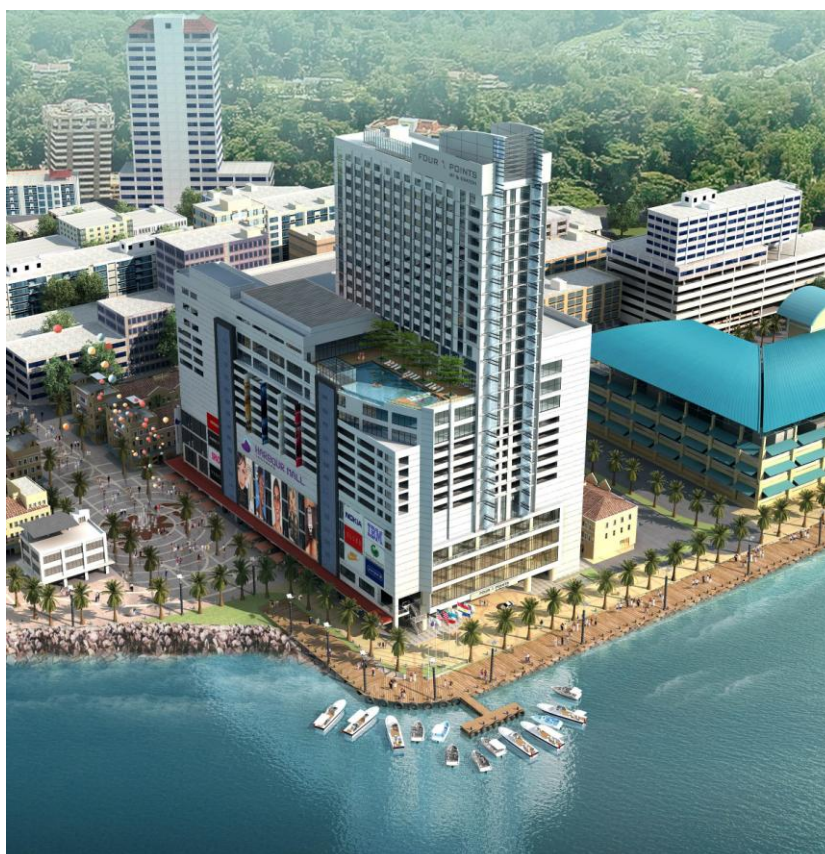
	Sandakan Harbour Mall	Four Points by Sheraton Sandakan Hotel
Estimated Gross Development Value (GDV) in RM 'Mil	183.0*	183.6*

** Indicative GDV by CH Williams on 4 May 2011*

Table 3: Gross development value of the Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel

9.1.3 Current Development Status

The completed Phases 1 and 2 of Sandakan Harbour Square comprise 129 units of retail offices, of which Phase 1 is fully sold and Phase 2 is 94% sold to date. Phases 3 and 4 being the Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel respectively are expected to complete and scheduled for soft opening in the first quarter of 2012.



Artist impression of the Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel



Construction progress of the Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel as at September 2011

9.1.4 Background Information on the Four Points by Sheraton Sandakan Hotel and Sandakan Harbour Mall Operators

Four Points by Sheraton Sandakan Hotel Operator

About Starwood Hotels & Resorts Worldwide, Inc.

Starwood Hotels & Resorts Worldwide, Inc. is one of the leading hotel and leisure companies in the world with 1058 properties in 100 countries and territories with 145,000 employees at its owned and managed properties. Its principal headquarters is located in White Plains, New York. Starwood Hotels is a fully integrated owner, operator and franchisor of hotels, resorts and residences with the following internationally renowned brands: St. Regis®, The Luxury Collection®, W®, Westin®, Le Méridien®, Sheraton®, Four Points® by Sheraton, and the recently launched Aloft®, and Element SM. The company boasts one of the industry's leading loyalty programs, Starwood Preferred Guest (SPG), allowing members to earn and redeem points for room stays, room upgrades and flights, with no blackout dates. Starwood Hotels also owns Starwood Vacation Ownership, Inc., one of the premier developers and operators of high quality vacation interval ownership resorts. For more information, please visit www.starwoodhotels.com.

About Four Points by Sheraton

With more than 150 Four Points hotel in 25 countries, Starwood's third-largest brand delights the self-sufficient traveler with honest, uncomplicated comfort complete with simple pleasures that matter most, all around the world. From Santiago to Shanghai and Milan to Milwaukee, Four Points by Sheraton can be found in big urban centers, by the airport, near the beach, and in the suburbs and is a standout in the vital limited service category. For more information, please visit www.fourpoints.com

Sandakan Harbour Mall Operators

CBRE (Malaysia) is an affiliate of CBRE Inc., a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2009 revenue). The group offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting.

CBRE (Malaysia) was originally established as Regroup Associates Sdn Bhd in March 1995. Offices were opened in Johor Bahru in 1997 and then Penang in 1998. After years of close affiliation and cooperation with the CBRE Group, Regroup Associates formally changed its name to CBRE (Malaysia) in December 2009. CBRE (Malaysia) is a full-service property consultancy firm, and the range of services offered include Research & Consultancy, Valuation, Retail Services, Estate Agency, Property Management, Project Management, Facilities Management and Investment. From 13 staff at inception, the company has now grown to almost 200 staff throughout Malaysia and is best known for some of the largest property transactions in the country, including the sales of Menara Citibank, City Square Johor Baharu, Wisma Goldhill, Mui Plaza, and Tower 2 of Vision City. CBRE (Malaysia) was also the local agent for the sale of Santos Place in Brisbane to Permodalan Nasional Bhd and have participated in investment transactions of over USD1.0 Bil in total.

9.2 KL Sentral Hotel

9.2.1 Project Background and Location

The KL Sentral hotel is 31-level hotel tower with adjoining 85 car park bays developed on 2.18 acres of land, strategically located in the heart of KL Sentral, Kuala Lumpur's urban transportation hub. In July 2010, IFSB entered into a sale and purchase agreement ("**SPA**") with Excellent Bonanza Sdn Bhd ("**EBSB**") for the acquisition of the KL Sentral Hotel at a purchase consideration of approximately RM217.0 million.

Completion of the SPA is upon issuance of Certificate of Completion and Compliance and payment of the balance purchase price by IFSB to EBSB, which is expected by end of 2012.

With a modern concept and architecture, the KL Sentral Hotel has the following features:

- 25 floors of hotel guest rooms (from level 5 to level 29)

- 85 car park bays,
- a variety of food and beverage outlets, namely, “nook” (all day dining), re:mix (lobby lounge), re:fuel (food bar) and W XYZ bar,
- a grand ballroom with capacity of up to 700 pax, coupled with three (3) meeting rooms and three (3) function rooms, and
- other facilities including Splash (infinity sky and wading pool), re:charge (gym & fitness centre), Sky bar and Cigar Lounge.

Type	Estimated room area (sq. m.)	Total no. of rooms	%
Standard	33	470	97.5
Suites	61	12	2.5
Total		482	100.0

Source: IFSB

Table 4: Guest room classification for KL Sentral Hotel

9.2.2 Gross Development Value

The gross development value of the KL Sentral Hotel is estimated at approximately RM390 million.

9.2.3 Current Development Status

The target physical completion of the hotel is the fourth quarter of 2012 and the target soft opening is scheduled for first quarter of 2013.

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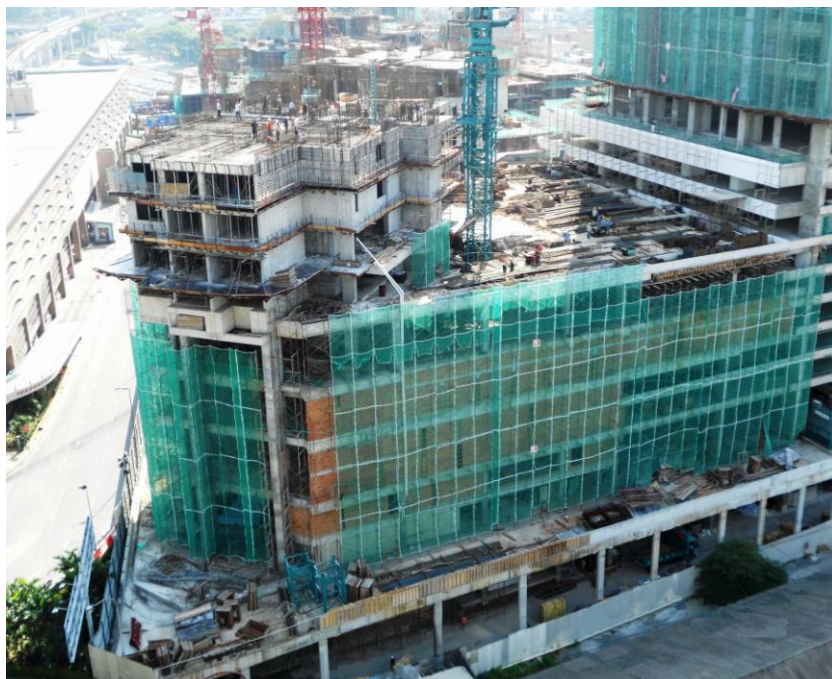
SILVER SPARROW BERHAD

Guaranteed MTN Programme of up to RM515.0 million
Information Memorandum

Strictly Private & Confidential



Artist impression of the KL Sentral Hotel



Construction progress of the KL Sentral Hotel as at September 2011

9.2.4 Background Information on the KL Sentral Hotel Operator

IFSB is in advanced stage of negotiation with Starwood Hotels to manage the 482-keys hotel under the “Aloft” brand name. The background information of Starwood Hotels is provided in Section 9.1.5.

About Aloft Hotels

With more than 50 hotels open in the three years since Aloft first arrived on the scene, Aloft can be found everywhere from Abu Dhabi and Baltimore to Dallas and Beijing and everywhere in between. Aloft provides new heights: an oasis where you least expect it, a spirited neighborhood outpost, a haven at the side of the road. Bringing a cozy harmony of modern elements to the classic on-the-road tradition, Aloft offers a sassy, refreshing, ultra effortless alternative for both the business and leisure traveler. Fresh, fun, and fulfilling, Aloft is an experience to be discovered and rediscovered, destination after destination, as you ease on down the road. For more information, please visit www.alofthotels.com.

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Section 10.0 Key Investment Considerations

The following is a summary of certain investment considerations of the MTNs which prospective Investors should be aware; however this summary is not intended to be exhaustive and the Investors should read the detailed information set out elsewhere in this IM. Prospective investors should undertake their own investigations and analysis on the Issuer, its business and the risks associated with the issue and should consider carefully, in light of their own financial circumstances and investment objectives, the investment considerations set forth below along with other information set forth in this IM before making an investment decision.

10.1 Risks relating to the Guaranteed MTN Programme**10.1.1 Rating of the MTNs is no guarantee of Issuer's paying ability**

It is a condition to the issuance of the MTNs that they shall be accorded a rating of AAA. The Guaranteed MTN Programme has been accorded an indicative rating of AAA_(bg)/AAA_(fg) by the Rating Agency.

A rating addresses the likelihood of full and timely payment of interest and principal to the holders of the MTNs. A rating is not a recommendation to buy, hold or sell the MTNs and there can be no assurance that such a rating will not be revised on a periodic review basis by the said rating agency during the tenure of the MTNs or that such a rating will not be withdrawn entirely if circumstances in the future so warrant.

Further, such a rating is not a guarantee of payment or that there will be no default by the Issuer or its Guarantors under the MTNs. In the event that the ratings initially assigned to the MTNs are subsequently lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the MTNs. Any downgrade or withdrawal of a rating will not necessarily constitute an Event of Default but may have an adverse effect on the liquidity and the market price of the MTNs.

10.1.2 Issuer's ability to meet its obligations under the MTNs

The MTNs represent the direct obligations of the Issuer. Under the terms of the MTNs, payment under the MTNs will not be the obligations or responsibilities of any other person other than Issuer. In particular, the MTNs will not be the obligations or responsibilities of, or guaranteed by the Lead Arranger/Principal Adviser/Lead Manager, the Facility Agent, the Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the transactions envisaged under the MTNs.

10.1.3 MTNs are unsecured obligations

The MTNs are unsecured obligations of the Issuer and accordingly the Noteholders will not have any priority right in respect of its recourse to the assets of the Issuer to satisfy payment obligations of the Issuer under the MTNs. Although the MTNs are supported by the Bank Guarantee pursuant to the Bank Guarantee Facility and FGI Policy pursuant to the FGI Facility, such financial guarantees are merely contractual obligations of the respective Guarantors to pay the guaranteed amount on demand upon occurrence of certain specified event(s) and does not confer on the Noteholders with rights to priority of payment out of the assets of the Issuer in the

event of insolvency or winding up of the Issuer. Noteholders are considered unsecured creditors of the Issuer.

10.1.4 Payment Risk

The primary source of the payment on the MTNs will be the operating cash flows from the Projects and refinancing of the Guaranteed MTN Programme. The Project Companies may not be able to generate sufficient operating cash flows in time to meet the Issuer's repayment obligations under the Guaranteed MTN Programme and upon expiry of the tenure, there is also uncertainty as to whether the Issuer or the Project Companies will be able to obtain refinancing to settle all outstanding MTNs under the Guaranteed MTN Programme.

The strategic and prime location of the Projects may mitigate against any risk in connection with the Projects.

10.1.5 Liquidity of the MTNs

The MTNs comprise a new issue of securities for which there is currently no public market. The MTNs will not be listed on Bursa Malaysia Securities Berhad or any other exchange. In other words, there can be no assurance regarding the future development of a secondary market for the MTNs and liquidity of any market that may develop, the ability of the Noteholders to sell their MTNs, or the prices at which such Noteholders may be able to sell their MTNs. In the event that a secondary market for the MTNs does develop, there is no assurance that it will continue. Accordingly, the purchase or subscription of the MTNs is suitable only for investors who can bear the risks associated with a lack of liquidity in the MTNs apart from the financial and other risks associated with an investment in the MTNs. Notwithstanding the above, as the MTNs are assigned a long term rating of AAA_(bg) /AAA_(fg) by the Rating Agency, there is a high level of liquidity due to strong demand for highly rated papers, by virtue that the MTNs are irrevocably and unconditionally guaranteed by the Guarantee Facilities.

10.1.6 The market value of the MTNs may be subject to fluctuation

Trading prices of the MTNs may be influenced by numerous factors, including the general political, economic, financial and any other factors that can affect capital markets in general. Any adverse economic and financial developments could have an effect on the market value of the MTNs.

10.1.7 An investment in the MTNs is subject to interest rate risk

The MTNs are fixed income securities and may therefore see their prices fluctuate due to movements in interest rates. Generally, a rise in interest rates may cause a fall in the price of the MTNs. The MTNs may be similarly affected resulting in a capital loss for the Noteholders. Conversely, when interest rates fall, the prices of the MTNs and the price at which the MTNs trade may rise. Noteholders may enjoy a capital gain but profit received may be reinvested for lower returns.

10.1.8 An investment in the MTNs is subject to inflation risk

The Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the MTNs. An unexpected increase in inflation could reduce the real rate of return of the Noteholders.

10.1.9 Change of law

The structure of the transaction and, *inter alia*, the issue of the MTN are based on Malaysian law, tax and administrative practice in effect as at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax or administrative practice will not change after the date of Issue or that such change will not adversely impact the structure of the transaction and the treatment of the MTNs.

10.1.10 Risks Inherent to the Guarantors

The MTNs are guaranteed by MBB, OCBC and Danajamin, in respect of the payment obligations of the Issuer of the nominal value and one (1) coupon payment of such MTNs (other than interest on late payment and any other charges in respect of the MTNs). The payment under such Guarantee Facilities will be dependent upon the financial strength and the ability to pay of the respective Guarantors and subject to the risks inherent to the business and operations of the respective Guarantors.

The prospective investors are requested to conduct their own independent assessment and evaluation of the Guarantors.

10.2 Investment Considerations relating to Aseana Group and its business**10.2.1 Regulatory**

Breach of regulatory rules could lead to suspension of Aseana's listing on the London Stock Exchange and financial penalties.

10.2.2 Law

Changes in laws and regulations relating to and regulations planning, land use, development standards and ownership of land could have adverse effects on the business and returns for the shareholders. Such changes may result in significant increases in the cost of complying with such laws and regulations.

10.2.3 Tax regimes

Changes in the tax regimes could affect the tax treatment of Aseana Group in these jurisdictions.

10.2.4 Management

Changes that cause the management and control of the Aseana to be exercised in the United Kingdom could lead to the Aseana becoming liable to United Kingdom taxation on income and capital gains.

10.2.5 Operational

Failure of the accounting system and disruption to a third party service provider, could lead to an inability to provide accurate reporting and monitoring leading to a loss of shareholders' confidence.

10.2.6 Financial

Inadequate controls by service providers could lead to a misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations or a qualified audit report.

10.2.7 Business Risks in General

Aseana and/or its subsidiaries are principally involved in the property development industry and is not insulated from general business risks as well as risks inherent in the industry. These may include rising costs of materials and / or shortage of labour, adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems. Any of these could give rise to delays in the completion of the relevant project or cost overrun and result in reduced efficiency and earnings and higher operating costs. Delays in the process of obtaining requisite licenses, permits or approvals from government agencies or authorities could also increase the costs, or delay or prevent the commercial operation, of the relevant project. Although it seeks to limit these risks through, inter-alia, prudent management policies, appropriate contractual terms and adequate insurance, no assurance can be given that any change to these factors will not have a material adverse effect on the Aseana and/or its subsidiaries' businesses.

10.2.8 Project Risk

Project risk occurs when uncertainties that threaten the goals and schedule of a project arise. The uncertainties are dependent on many external factors, including, inter-alia, obtaining necessary approvals from land offices, planning authorities and local councils as scheduled, securing construction materials in adequate amounts, satisfactory performance by building sub-contractors appointed, budgetary and personnel changes, and, incomplete knowledge or research. These risks may lead to delays in delivery dates and budget variances that can severely undermine clients' or investors' confidence in the project.

The Aseana Group considers operational consistency as one of the key factors for successful project execution. The Aseana Group monitors projects closely to identify the potential project risks. Steps are then taken to control the potential project risks so as to ensure that quality standards are maintained and that the projects are executed effectively.

10.2.9 Delay in Completion of Projects

The Aseana Group has and will continuously endeavour to complete projects awarded within the time stipulated through close project monitoring. However, risk of delays in completion of projects is prevalent as the various projects which the Aseana Group is involved in are also dependent on various external factors, including obtaining the relevant regulatory approvals, the timely procurement of materials, the ability of securing credit and the satisfactory performance of the building contractors who are appointed to complete the development project. Imposition of liquidated ascertained damages for late completion is normally stipulated in construction and development contracts. Any delays in the completion of a project and claims for liquidated damages for late completion by clients may affect the Aseana Group's future profitability and cashflow position.

10.2.10 Performance of the Property Sector

The business of the Project Companies is subject to certain risks inherent in the property development industry, namely supply and demand for property units, price of construction materials and changes in the general economy, business and operating conditions.

10.2.11 Demand and Supply

The revenue of the Project Companies is dependent, inter alia, on its property development activities which is the primary revenue contributor for the Project Companies. The turnover and profitability of the Project Companies will be highly susceptible to fluctuations in property prices prevailing in the industry. Property prices are determined by the supply and demand for property in the local and global market. The recent improvement in the equity markets has resulted in stronger demand for property but new property developments could reverse the supply/demand gap. There is no assurance that adverse movement in the demand and supply of prices of property will not have an adverse effect of the performance of the Project Companies.

10.2.12 Competition

The Project Companies also face competition from other property developers in surrounding neighbourhoods. No assurances can be made as to future growth of the property market in Malaysia or the markets as these may be affected by amongst others (i) adverse developments in the economy; (ii) political and social developments; and (iii) changes in inflation and interest rates; all respectively affecting Malaysia and the local property market. The Project Companies are monitoring the demand and supply trends in the property market to maximise its returns.

10.2.13 Dependence on Key Personnel

Aseana outsources its day to day operations to Ireka Development Management Sdn Bhd ("IDM") which manages Aseana's property development activities in Vietnam and Malaysia. The performance of Aseana is therefore dependent on the ability of IDM to effectively manage Aseana's property development activities in a satisfactory manner so as to ensure continuous income stream from such activities.

There can be no assurance that IDM will be able to continue with its management services. A suitable substitute with the necessary experience may not be readily available. Further, a change could cause delays in the management of Aseana's property development activities, which may result in delays or disruption of income stream.

The Project Companies believe that their continued success will depend significantly upon the abilities and continued efforts of their existing directors and the senior management. The Project Companies are headed by experienced, committed and dynamic management teams. There can be no assurance that there will be no loss of any key personnel within the management team and if such loss occurs, the same may affect the operations of the Project Companies.

10.2.14 Dependence on Contractors/Sub-contractors

Suppliers and contractors are engaged on a project-to-project basis. The performance and profitability of the future development projects to be carried out by the Aseana Group will also depend, to a certain extent, on the quality, performance and reliability of its subcontractors and consultants appointed to carry out the development. There is no assurance that the Aseana Group will be able to procure supplies or services from its suppliers and contractors in a timely manner for the Aseana Group's projects in the future. Nonetheless, the Aseana Group is of the opinion that contractors can be engaged readily in view of the numerous contractors in the industry.

Hence, the risk of over-dependence on any contractor is minimal. The Aseana Group exercises prudence in selecting contractors. The criteria taken into consideration include experience, track record and qualifications of the contractors. The Aseana Group will ensure that it continually reviews and evaluates the work in progress of each project awarded to ensure the timely completion and high quality of projects.

10.2.15 Timely receipt of income

The revenue of the Project Companies will be dependent upon the timely receipt of income generated from the Sandakan Harbour Mall, the Four Points by Sheraton Sandakan Hotel and KL Sentral Hotel when completed and open for business. In relation to Sandakan Harbour Mall, the main income would be the rental income from the tenants. Other sources of income from the Sandakan Harbour Mall include the car park fees, service charges, external advertising income, promotional income, telecommunication kiosks, push carts, event income and others. In relation to the Four Points by Sheraton Sandakan Hotel and the KL Sentral Hotel, the main income would be income from the usage of guest room, revenue from food and beverage and other hotel facilities and services.

Any delay in the receipt of income by the Project Companies may affect the revenue of the Project Companies and in turn may affect the ability of the Issuer in servicing its debt obligations.

10.2.16 Reliance on the reputation of brands

Any event that materially damages the reputation of the Four Points by Sheraton and Aloft brands could have an adverse impact on revenues from that brand or business. In addition, the value of the said brands is influenced by a number of other factors,

some of which may be outside the control of the Project Companies, including consumer preference and perception or other factors affecting consumers' willingness to purchase goods and services.

10.2.17 Risk of events that adversely impact domestic or international level

The room rates and occupancy levels of the Four Points by Sheraton Sandakan Hotel and the KL Sentral Hotel once completed and open for business could be adversely impacted by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs and natural disasters, resulting in reduced worldwide travel or other local factors impacting individual hotels. A decrease in the demand for hotel rooms as a result of such events may have an adverse impact on the Project Companies' operations and financial results. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact the value of the Four Points by Sheraton and Aloft brands or the reputation of the Project Companies.

10.2.18 Risks of the hotel industry supply and demand cycle

The future operating results of the Project Companies could be adversely affected by industry overcapacity (by number of rooms) and weak demand due, in part, to the cyclical nature of the hotel industry, or other differences between planning assumptions and actual operating conditions. Reductions in room rates and occupancy levels would adversely impact the results of the operations of the Project Companies.

10.2.19 Considerations relating to the retail and hospitality industry

The Project Companies are subject to certain risks inherent in the retail and hospitality industry. These risks include but are not limited to entry of new players, competition, changes in consumers' taste and preference, changes in disposable income, changes in the legal and environment framework within which the retail industry operates and changes in the local and international political environment which may have a repercussion in the retail industry.

10.2.20 Political and Economic Risk

Adverse developments in political, economic and social conditions in Malaysia and the rest of the world may materially affect the financial prospects of the Project Companies. Political and economic uncertainties include risks of war, changes in political leadership, expropriation, global economic downturn, unfavourable change in government policy, changes in interest rates and methods of taxation and currency exchange. There can be no assurance that such adverse political and economical factors will not materially affect the Project Companies and results of their operations. In addition, there can be no assurance that political and economic policies adopted by a relevant government at the time of the initial negotiations or development of any project will be continued or that a future government will not adopt substantially different policies.

10.2.21 Forward Looking Statements

Certain information in this IM is based on historical data, which may not be reflective of future results. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying these information should be carefully considered by the Investors and should not be regarded as a representation or assurance by the Issuer, Project Companies, the PA/LA, Lead Manager and/or the Facility Agent that the objectives and the future plans of the Issuer and the Project Companies will be achieved. Any differences in the expectations of the Issuer and the Project Companies from their actual performances may result in the Issuer's and Project Companies' financial and business performance and plans to be materially different from those anticipated.

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Section 11.0 Industry Overview and Property Market Outlook Analysis

The following is a summary of the Malaysian economy and its outlook and an overview of certain aspects of the finance sector. However, the following summary has not been verified by the Issuer or any other party and neither the Issuer nor such other party can assure the accuracy and completeness thereof.

11.1 Malaysian Property Development Sector**Overview of the Malaysian Property Development Sector**

The Malaysian economy expanded strongly by 7.2% in 2010 (2009: -1.7%), surpassing the official forecast of 7.0% in 2011 Budget. Growths were broad-based with strong expansion led by the manufacturing, services and construction sectors. Higher private and public sectors spending contributed to the expansion in domestic demand. The services sector remained as the key contributor to growth at 6.8% in 2010 (2009: 2.6%), contributing 3.9 percentage points to overall GDP growth. The construction sector recorded a growth of 5.2% during the year (2009: 5.8%), spurred mainly by the implementation of projects under the Government's stimulus packages and increasing private residential construction activities. The agriculture sector grew by 1.7%, supported by higher production of rubber and food sub-sectors. Meanwhile, the mining sector rebounded to record a positive 0.2% growth (2009:-3.8%) on account of higher production of natural gas.

On a similar note, the Malaysian property market charted high positive growth exceeding 15.0% in the first two quarters of 2010 (Q1:16.2%; Q2: 18.1%). The growth momentum continued in the last two quarters albeit at a lower 8.5% and 4.8% respectively.

The property market improved in tandem with the economic growth. There were 376,583 transactions registered in 2010 with a total worth RM107.44 billion. Both the volume and value of transactions registered double-digit growths of 11.4% and 32.6% respectively (2009: 338,089 transactions worth RM81.02 billion).

Overview of the Shopping Complex Sub Sector in 2010

Performance of shopping complexes consolidated in the review period. The retail market continued to record substantial amount of take-up at 268,027 s.m. (2009: 269,504 s.m.). With the exception of Kedah (-11,545 s.m.) and Pahang (-11,349 s.m.), all other states registered positive take-up. Kedah and Pahang registered negative take-up as both had anchor tenant exit from one of their shopping complexes. Melaka had the highest take-up space of 92,880 s.m. Selangor and Johor trailed with 48,916 s.m. and 34,977 s.m. respectively.

The national occupancy rate reduced marginally to 80.2% compared with 81.5% achieved last year. This was partially due to the lower occupancy rate attained by the new completions at 38.0% (2009: 55.9%). Eight states achieved occupancy rates above the national average including W.P. Kuala Lumpur and Selangor. As at year-end 2010, the country had nearly 2.09 million s.m. of space available for occupation.

Construction activity continued to soften as depicted by lower construction starts at -2.3% against 2009. There were 28 buildings from 11 states commenced construction with a combined retail space of 420,255 s.m. New building plan approvals were also on a similar relaxed mode, decreased by 57.6% from 2009. However, year 2010 witnessed more completions against 2009. The completions were recorded in 13 states including

W.P.Putrajaya. A total of 501,106 s.m. of new retail space came on-stream, bringing up the country's total existing space to 10.59 million s.m. Amongst the major completions were in Melaka where AEON Jaya Jusco in Melaka Town, Econsave Hypermarket and TESCO Extra offered a combined space of 74,152 s.m.. Sabah saw the entrance of Suria Sabah in Kota Kinabalu, Mega Long in Penampang and Keningau Mall with a combined 72,516 s.m. of retail space. In Pulau Pinang, 1st Avenue and Straits Quay Mall, both on the island with a combined space of 126,026 s.m. came on-stream.

The future supply was ample with 94 complexes (1.73 million s.m.) in the incoming supply and another 65 complexes (1.65 million s.m.) in the planned supply.

Overview of the Leisure Property Sub Sector in 2010

The leisure sub-sector showed a lacklustre performance despite increased tourist arrivals. For the year, a total of 24.60 million tourist arrivals were recorded which noted a 4.2% growth against 2009 (23.60 million). However, average occupancy of three to five star hotels declined to 53.1% compared with 55.6% recorded in 2009. Pahang was the best achiever at 76.9%, followed by W.P. Kuala Lumpur at 69.2%. Eight states recorded occupancy higher than the national average. Occupancy rate of all stars rated hotels also experienced downward trend to record 54.5% (2009: 56.8%).

During the year, six new hotels were completed to offer another 1,028 rooms into the market (2009: 19 hotels; 2,534 rooms). The year saw 13 hotels with 1,868 rooms began construction, lower than the numbers registered in 2009 (22 hotels; 4,458 rooms). In the new planned supply, 13 hotels (1,870 rooms) obtained building plans approval, which was lower than 19 hotels (2,702 rooms) recorded in 2009. As at end- 2010, there were 167,285 rooms in 2,403 hotels nationwide.

Outlook for 2011

Malaysia recovered from the global economic crisis due to Government's proactive measures and successful implementation of the two Economic Stimulus Packages amounting to RM67.00 billion. In 2011, the global economy and trade are expected to grow moderately by 4.2% and 7.0% respectively. In line with this, the Malaysian economy is expected to expand between 5.0% and 6.0%.

The property market is anticipated to remain promising, supported by various measures proposed under the 10MP and Budget 2011. The implementation of the 12 National Key Economic Areas (NKEA) is expected to generate investment exceeding RM1.30 trillion and create 3.30 million job opportunities by the year 2020.

As at 12th January 2011, the Government had announced 37 projects under the Economic Transformation Programme, with a total investment of RM182.00 billion. Several Public-Private Partnership (PPP) projects identified under the 10MP are expected to be implemented in 2011 through private investments of RM12.50 billion. In addition, the Government is allocating RM1.00 billion from the Facilitation Fund for various infrastructure development projects.

Apart from the above, the year will see the commencement of a few high-impact strategic development such as Kuala Lumpur International Financial District (KLIFD), Mass Rapid Transit (MRT) in Greater KL (Klang Valley), development of the Malaysian Rubber Board land in Sungai Buloh and the integrated development project comprising a 100-storey tower Menara Warisan as well as the redevelopment of the 115-year-old Pudu prison. In the long

term, the property sector should benefit from these projects. As new areas open up and new communities materialise, this will likely to push up demand for housing and other facilities.

The on-going corridor and regional developments will be accelerated, focusing on several clusters with specialisation and geographical advantages. Efforts to develop the corridors focus on joint venture projects between local and foreign investors as well as high-impact industries with competitive edge. The implementation of infrastructure projects in these regions is expected to spur new growth areas and hence activate local property market.

Various projects to fulfil the needs of the Rakyat to own affordable houses had been provided for in Budget 2011. The projects are Projek Bantuan Perumahan Bandar, Program Perumahan Rakyat and Projek Bantuan Rumah Sewa as well as Skim Pembiayaan Rumah Kos Rendah. These projects are anticipated to drive residential construction activity in the coming year.

The Government initiatives on introducing Skim Rumah Pertamaku for young adults to assist them to own a house priced below RM220,000 together with other incentives such as stamp duty exemption of 50.0% on instruments of transfer on a house price not exceeding RM350,000 for first-time house buyers, would likely increase the transaction volume for houses in the said price range. Apart from this, the incentives will provide a boost for the residential sub-sector, especially in improving the take-up of newly launched residential units.

With the cessation of FIC's approval for the acquisition of properties by foreigners which took effect in June 2009, property investment in Malaysia will be more attractive to foreigners. Given that foreigners are only allowed to purchase commercial and residential properties priced above RM500,000, it is anticipated that more activities will be recorded in the high-end housing units particularly in sought-after neighbourhoods.

For the commercial property sub-sector, Budget 2011 had proposed the Bumiputera Property Trust Foundation (BPTF) which will provide opportunities for Bumiputera ownership of prime commercial properties in major towns. BPTF launched a syariah-compliant Bumiputera Property Trust Scheme of RM1.00 billion in early 2011. It is foreseeable that the take-up of retail and office spaces will increase in the medium term as a result, and with it provides a much needed boost for the retail and office sub-sectors.

In the agricultural sub-sector, RM3.80 billion has been allocated to increase productivity and generate higher returns. Apart from this, income tax deduction incentive for investors and income tax exemption for companies undertaking food production activities is extended until 2015. These allocations should see the sector's position as the country's second engine of growth strengthens. It is anticipated that demand for agricultural land and related construction activities to escalate.

Leisure sub-sector is expected to benefit from measures proposed in the 2011 Budget. Efforts will be intensified to attract more foreign tourists by offering innovative tourism packages and products to facilitate construction of hotels and resorts in remote areas with the potential to attract tourists. With all the concerted efforts by the Government, coupled with the anticipated economic growth of between 5.0% and 6.0% in 2011, performance of the leisure sub-sector should escalate.

The Malaysian property market remained strong after surviving two financial crises. The 2011 property sector is anticipated to be healthy with the implementation of development projects under the ETP and 10MP. The market will further be supported by the magnitude of the projects and the Government's strategic measures via its Public-Private Partnership initiatives (PPP). However, it is pertinent to note that the unrests in the Middle East countries are expected to cause an upward movement in oil prices and thus affecting the world economy. Subsequently, these may cause some impacts to the Malaysian property market.

(Source: Press Release 20 April 2011, National Property Information Centre (NAPIC))

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11.2 Sectoral Performance - Services Sector

The accommodation and restaurant sub-sector grew 5.7% (January – June 2009: 2.5%), due to higher tourism-related activities. The average hotel occupancy rate stood at 58.0% with the highest rate recorded in Pahang (76.8%). In 2010, the sub-sector is expected to grow 4.7% (2009: 2.8%) driven by higher tourist arrivals and the establishment of new hotels, particularly in the Klang Valley. The growing popularity of apartment hotels as an alternative to hotels, especially to cater for high-spending and long –stay tourists, is also expected to boost growth of the sub-sector. Total tourist receipts are envisaged to reach RM59.2 billion in 2010 (2009: RM53.4 billion), with expenditure on accommodation remaining the largest component at 31.2%, followed by shopping (29.0%) as well as food and beverages (17.2%). For the year, tourist arrivals are expected to reach 24.0 million (2009: 23.6 million).

Homestay and eco-tourism have emerged as new niche growth areas, while encouraging environment conservation and sustainable tourism development. Recognising the vast potential in terms of employment and income creation, efforts are being undertaken to enhance participation of the rural population in community-based tourism programmes. As at end-June 2010, there was a total of 2,998 trained and licensed homestay operators nationwide. During the first six months of 2010, the programme attracted 88,666 visitors comprising 65,361 domestic and 23,305 foreign visitors (January – June 2009: 77,603; 59,713; 17,890). As part of innovative efforts to promote the homestay programme, the Government launched the Homestay e-Marketing Promotion in April as well as homestay promotion through smartphone applications in September 2010. Through these initiatives, homestay operators will be able to reach a wider segment of potential tourists and attract about 178,000 visitors, yielding RM12.0 million in receipts for 2010 (2009: 161,561; RM10.9 million). Meanwhile, the Government's efforts in promoting eco-tourism programmes such as the Indigenours Community Tourism Packages will continue to benefit the *Orang Asli* community. To ensure greater participation in eco-tourism activities, course will be provided to train the *Orang Asli* as boat operators or forest guides.

In the Meetings, Incentives, Conventions and Exhibitions (MICE) industry, efforts were intensified to gain a larger share of the global market. In 2010, the number of MICE visitors is expected to remain at 1.2 million, generating RM9.8 billion receipts. In addition, the Government has been actively promoting the Malaysia My Second Home (MM2H) programme. Since its inception in 2002 up to end-August 2010, the MM2H programme has attracted 14,358 participants, including 2,396 from China, 1,779 from Bangladesh and 1,586 from the United Kingdom (UK). In the first eight months of 2010, the MM2H programme drew 1,041 participants, with the highest number from Iran (155), followed by Japan (143) as well as China (98).

In 2011, value-added of the services sector is envisaged to expand 5.3% (2010: 6.5%), supported by steady domestic economic and trade-related activities. All sub-sectors are expected to register growth, led by the wholesale and retail trade, communication as well as finance and insurance sub-sectors. The contribution of the sector is expected to remain at 57.3% of GDP. The services sector is set for higher growth with the roll-out of programmes and initiatives under the seven services-related NKEAs, namely financial, wholesale and retail, information and communications technology (ICT), tourism, health, education and business services.

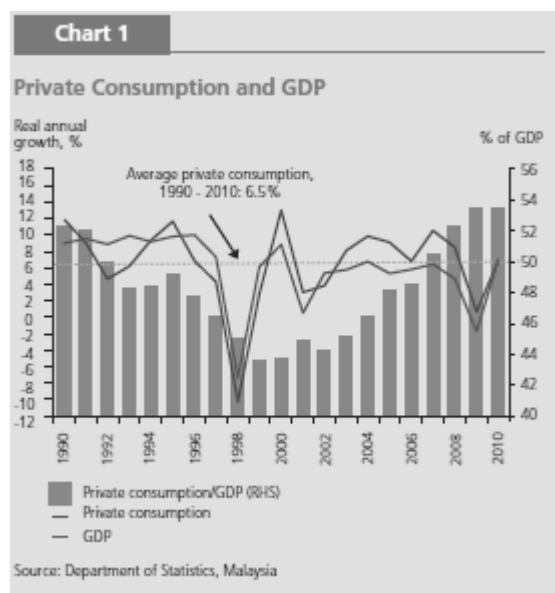
(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)

11.3 Growth and Evolution of Consumer Spending in Malaysia

Introduction

Private consumption is increasingly becoming an important component of the Malaysian economy. It was the main driver of economic growth in this recent decade, increasing at an annual average of 7.4% during the period of 2000-2009, which exceeded the 4.8% average growth of real gross domestic product (GDP), and contributed more than two thirds of total GDP growth. As a result, the share of real private consumption in GDP increased steadily from 43.8% in 2000 to 53.5% in 2009.

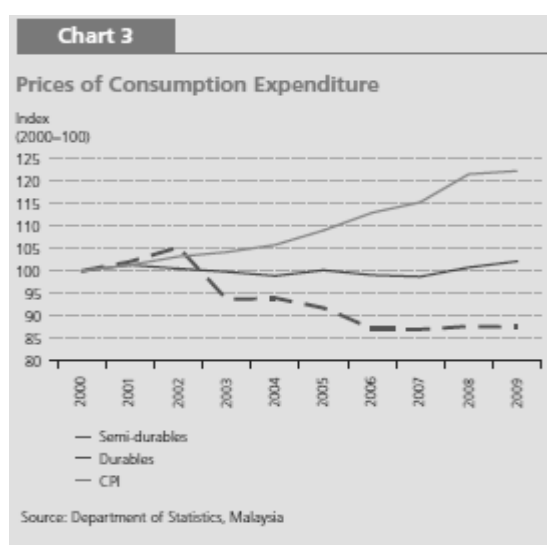
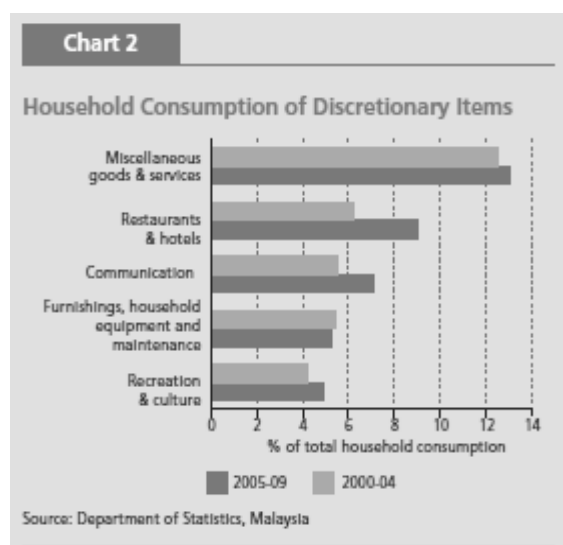
In tandem with the robust growth of private consumption, there were clear shifts in the composition of private consumption over the last decade. This article analyses and explains the changing patterns of private consumption by main expenditure groups between 2000 and 2009, and concludes with insights on private consumption trends moving forward.



Changing Patterns of Consumption Expenditure

Based on the data of household consumption by purpose during the period of 2000-2009, expenditure on food and non-alcoholic beverages formed the largest component, accounting for about 23% of total household expenditure. This was followed by expenditures on housing and utilities; transport; restaurants and hotels; and miscellaneous goods and services. These five largest components of consumption expenditure accounted for 75.6% of total household spending.

Two clear shifts in consumer spending patterns have emerged since 2000. First, the share of expenditure on discretionary items has increased relative to spending on basic necessities. Expenditure on discretionary items (such as restaurants and hotels, communication as well as recreation and culture) was particularly strong, followed by the expenditure on miscellaneous goods and services such as personal care, financial, insurance and other services. The share of these four components of income-sensitive spending rose from 26.5% of total household expenditure in 2000 to 34.7% in 2009 (Chart 2).



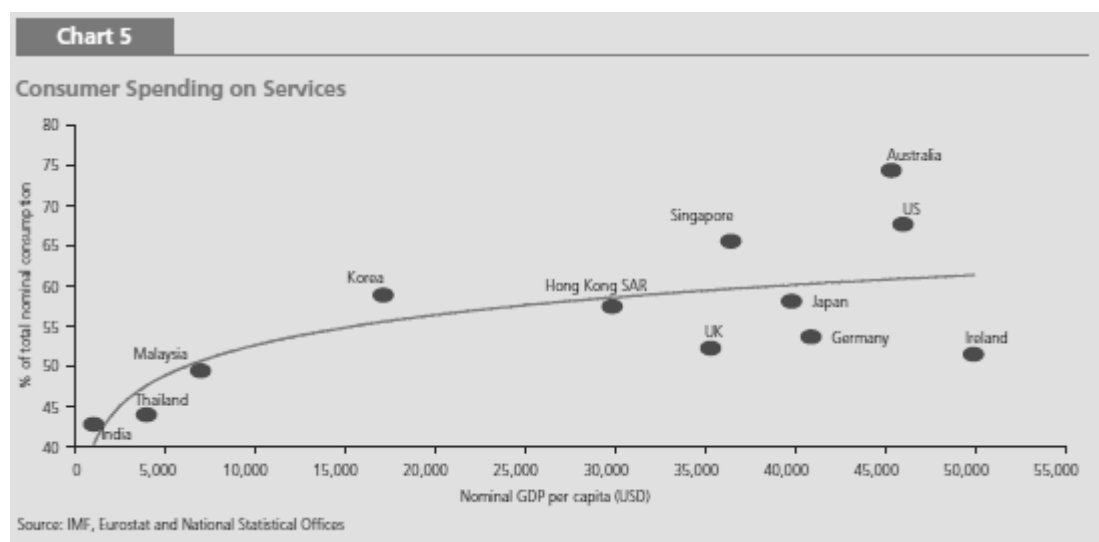
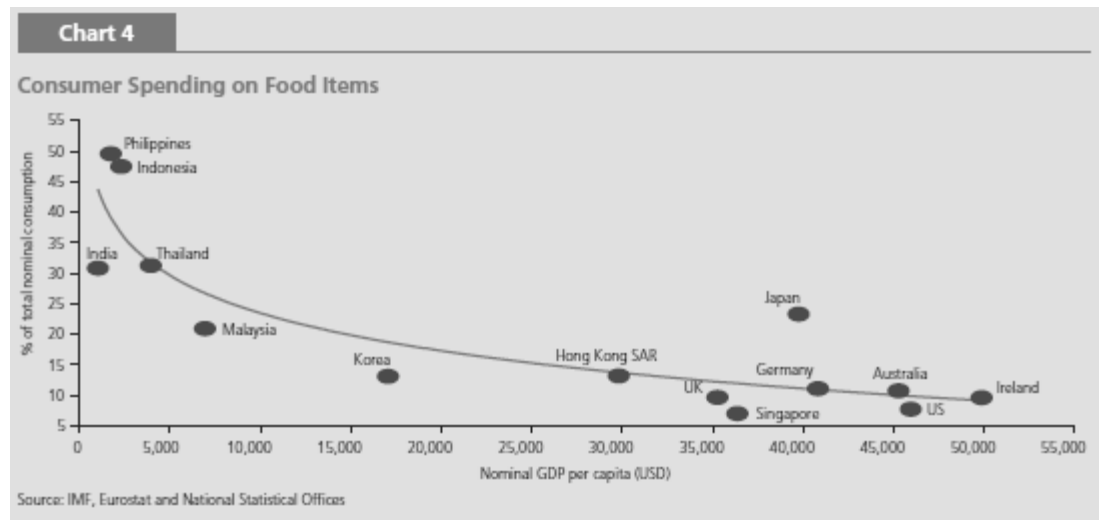
In contrast, the proportion of household expenditure on basic necessities has declined gradually since 2002, attributable mostly to the decline in the shares of expenditure on food and non-alcoholic beverages, and housing and utilities. Spending on food items as a share of total household expenditure decreased from 24.1% in 2000 to 21.8% in 2009. Similarly, the average household spending on housing and utilities fell from 21.7% in 2000 to 16.7% in 2009.

Second, consumption of services has outpaced expenditure on goods⁵. Between 2000 and 2009, household consumption of services grew by about 10% annually, compared to the 8.4% growth of consumption of goods. Accordingly, the share of expenditure on services increased from 46.2% of total household spending in 2000 to almost 50% in 2009. Expenditure on services includes spending for services rendered by restaurants and hotels, financial and insurance intermediaries, education, healthcare and other intermediaries. As the ratio of spending on services rose, the share of household spending on goods declined gradually, accounted for mainly by the declines in expenditure on durable and semi-durable goods. Together, the share of expenditure on durable and semi-durable goods decreased from 15.1% of total expenditure in 2000 to 12.5% in 2009, reflecting mainly the lower price levels of both durable and semi-durable goods in comparison with the overall consumer prices (Chart 3). For example, during the period of 2000-2009, price of clothing and footwear category declined by 1.6% annually. As a result, the share of expenditure on clothing and footwear decreased from 3.5% of total household spending in 2000 to 2.4% in 2009. Consumer spending on non-durables, which constituted 38.7% of total household spending in 2000, remained stable at 38% in 2009.

These two changing patterns of household spending over this recent decade reflected several factors that influence consumers' preferences and decision-making. The main factor is the growing affluence of Malaysians, supported by the steady rise in disposable income and accumulation of wealth. Between 2004 and 2009, nominal per capita GDP increased by 6.8% annually, with mean monthly gross household income rising by 4.4% annually from RM3,249 in 2004 to RM4,025 in 2009. Similarly, household financial assets grew at an annual rate of 14% during 2004-2009 to account for 180% of GDP in 2009 (2004: 167% of GDP).

These trends are consistent with consumer spending trends observed in other countries, which indicate that as income rises, the share of expenditure on basic necessities tends to decline while that on services tends to increase. Given the lower level of income in developing economies, the proportion of household expenditure on food is usually higher in

developing economies and lower in high income economies (Chart 4). In contrast, advanced economies typically have a higher share of expenditure on services relative to developing economies (Chart 5).



Three other factors also contributed to the last decade's growth and evolution of consumer spending towards increased consumption of non-essentials. The demographic characteristics of Malaysians, given the relatively young and large working-age population provide support for income growth. Younger people, who generally have a higher marginal propensity to consume, tend to spend more on non-essential goods and services. This is further supported by the increasing urbanisation of the population. With higher income levels compared to rural households, households in the urban areas would normally have a higher proportion of spending on discretionary items. This is especially true for services such as financial, recreation and entertainment, where the demand and the supply tend to be higher in urban areas.

Increased financial deepening and inclusion also influenced changes in consumer spending patterns. The financial sector plays an integral role in supporting private consumption by facilitating greater access to credit for households. In particular, greater access to credit allows individuals to fund discretionary expenditure, particularly that on durable goods, the purchase of which is generally financed more through borrowing as compared to other types of consumption. During the period 2000-2009, household debt grew at an annual rate of

13.5%. Household debt-to-GDP ratio increased from 46% in 2000 to 76% in 2009. Credit disbursed for consumption, which consists of loans for personal uses, credit card spending and the purchase of consumer durable goods, expanded by 20.5% annually between 2000 and 2009. Similarly, total loans disbursed to households for purchases of residential property and passenger car increased by 13.4% annually. The strong performance of these loans is indirectly translated into higher consumer spending as purchases of residential properties and passenger car are closely linked to spending on housing and transport-related items, which include furnishings and the maintenance of transport equipment. Although the ratio of household debt to GDP is relatively high, overall household balance sheet remained sound and debt repayment capacity continued to be intact. Household financial assets were more than two times of total household debt and the non-performing loans ratio of the household sector continued to trend downwards.

In addition, technological developments have affected trends in consumer spending, as evident from the increasing share of expenditure on communication and recreation. Technological innovations have encouraged consumer spending in technology-related goods and services, such as internet services, mobile communication equipment and data services, cable television services and audio visual equipment. Furthermore, the strong demand for technology-related goods and services was supported by the country's relatively young and educated population that expedited the adoption of newly available technological innovations.

Conclusion

The sustainability of private consumption growth is an important aspect of the transformation of the Malaysian economy moving forward. As the sources of growth shift towards domestic demand, private consumption will continue to play a significant role in contributing to economic growth. The pre-requisites to support sustainable growth in private consumption are already in place, namely rising income and wealth, favourable demographic, greater financial deepening and technological developments.

(Source: Annual Report 2010, Bank Negara Malaysia)

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Section 12.0 Other Material Information**12.1 Material Contracts**

As at 31 August 2011, the Issuer, Aseana, ICSD and IFSB are not engaged in any material contracts save and except the following:-

- (i) Joint Land Development Agreement dated 2 April 2003 between ICSD and MPS in relation to a joint development of the Sandakan Land. In a letter dated 28 September 2011 by MPS, MPS confirmed that ICSD has fulfilled all their obligations to MPS and as such the Joint Land Development Agreement has become unconditional and no longer binding between MPS and ICSD;
- (ii) Main Construction Contract dated 8 February 2010 between ICSD and Ireka Engineering and Construction Sdn Bhd ("**Developer**") for the construction and completion by the Developer of Sandakan Harbour Mall and Four Points by Sheraton Sandakan Hotel;
- (iii) Operating Services Agreement dated 9 May 2008 between ICSD and Sheraton Overseas Management Corporation ("**Sheraton**") together with various agreements of even date referred to therein in order to engage Sheraton to supervise, direct and control the operation of the Four Points by Sheraton Sandakan Hotel;
- (iv) Property Management Agreement dated 17 December 2010 between ICSD and CB Richard Ellis (KL) Sdn Bhd ("**Property Manager**") in order to engage the Property Manager to provide property management services and leasing services of the common property and the common facilities of the Sandakan Harbour Mall;
- (v) Syndicated Facilities Agreement dated 11 September 2008 between ICSD as borrower, OCBC Bank (Malaysia) Berhad as a joint lead arranger, facility agent and security agent, MBB as a joint lead arranger and the financial institutions listed therein together with the security documents referred to therein in relation to the Syndicated Facilities; and
- (vi) Sale and Purchase Agreement and Deed of Mutual Covenant dated 6 July 2010 between IFSB and Excellent Bonanza Sdn Bhd in relation to the purchase of the KL Sentral Hotel by IFSB.

12.2 Material Litigation

As at 31 August 2011, the Issuer, Aseana, ICSD and IFSB are not engaged in any litigation, claims or arbitration either as plaintiff or defendant, and the Issuer, Aseana, ICSD and IFSB are not aware of any proceedings pending or threatened or any judgments entered against the Issuer, Aseana, ICSD and IFSB or any other facts likely to give rise to any proceedings which would materially and adversely affect the financial position or the business of the Issuer, Aseana, ICSD and IFSB.

12.3 Potential Conflict of Interest Situation and Appropriate Mitigating Measures

Save as disclosed below, Maybank IB, does not have any equity or financial relationship with the Issuer, Aseana, ICSD or IFBSB, its directors or substantial shareholders and we are not aware of any circumstances, which may potentially give rise to a conflict of interest in this transaction:

Maybank IB

Maybank IB is a wholly-owned subsidiary of MBB.

Under the Guaranteed MTN Programme, Maybank IB will be assuming the following roles:

- Principal Adviser and Lead Arranger (“**PA/LA**”)
- Lead Manager (“**LM**”)
- Facility Agent (“**FA**”)

Under the Bank Guarantee Facility and the FGI Facility, the security agent (“**SA**”)'s role will be assumed by Maybank IB.

MBB is a Guarantor under the Bank Guarantee Facility in connection with the Guaranteed MTN Programme.

In addition, MBB and a syndicate of lenders have, within its/their ordinary course of business, extended to ICSD, term loan facilities of up to RM249.5 million (the “**Loan**”). The amount outstanding under the Loan will be repaid from the proceeds of the issuance of the Guaranteed MTN Programme.

In view of the above, there is a potential conflict of interest arising from Maybank IB's role as the PA/LA/LM/FA for the Guaranteed MTN Programme and as the SA for the Bank Guarantee Facility and the FGI Facility.

Maybank IB has considered the factors involved and it believes that objectivity and independence, in carrying out its role as the appointed PA/LA/LM/FA/SA, have been and will be maintained at all times for the following reasons:

- (i) Maybank IB is a licensed financial institution and its appointment as the LA/PA/LM/FA for the Guaranteed MTN Programme is in its ordinary course of business;
- (ii) the role of Maybank IB will be governed by the relevant agreements and documentation which shall clearly set out the rights, duties and responsibilities of Maybank IB in its capacity as the PA/LA/LM/FA for the Guaranteed MTN Programme and the SA for the Bank Guarantee Facility and the FGI Facility; and
- (iii) save for the fees charged in relation to its role as a PA/LA/LM/FA for the Guaranteed MTN Programme and the SA for the Bank Guarantee Facility and the FGI Facility, Maybank IB will not be deriving any other monetary benefit from the Guaranteed MTN Programme outside its aforesaid capacity.

Dato' Seri Ismail Shahudin is a director of MBB and Aseana

Dato' Seri Ismail Shahudin is currently an independent non-executive director of MBB which is a Bank Guarantor under the Bank Guarantee Facility in connection with the Guaranteed MTN Programme and also an independent non-executive director of Aseana which is the holding company of the Issuer.

In order to further mitigate or address the above, the following measures have been taken:

- (1) The situations have been brought to the attention of the board of directors of the Issuer and it is hence fully aware of the same. Notwithstanding the potential conflict of interest, the board of directors of the Issuer is agreeable to proceed with the implementation of the Guaranteed MTN Programme based on the present arrangement and terms; and
- (2) Due diligence review pursuant to the Guaranteed MTN Programme has been undertaken by professional and independent advisers.

Mayban Trustees Berhad acting as Trustee for the MTN Programme

Mayban Trustees Berhad, the appointed Trustee, is a related corporation of MBB, which would make Mayban Trustees Berhad not eligible to act as a trustee under Section 260(2) of the CMSA, without the approval of the SC.

In order to address the above, Mayban Trustees Berhad will be submitting to the SC, a declaration in the form set out in Appendix 1 of the Guidelines on Allowing a Person to Be Appointed or to Act as a Trustee under Subsection 69(2) of The Securities Commission Act 1993 (now Subsection 260(2) of the CMSA).

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SILVER SPARROW BERHAD

Guaranteed MTN Programme of up to RM515.0 million
Information Memorandum

Strictly Private & Confidential

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