

PARAMOUNT CORPORATION BERHAD
RM200.0 MILLION PRIVATE DEBT SECURITIES PURSUANT TO A PRIVATE DEBT SECURITY
PROGRAMME

Principal Terms and Conditions

1. BACKGROUND INFORMATION

(a) Issuer

- (i) Name** : Paramount Corporation Berhad (“**PCB**” or the “**Issuer**”)
- (ii) Address** : Registered/Business Office
Level 8, Uptown 1
1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
- (iii) Business Registration No.** : 8578-A
- (iv) Date and Place of Incorporation** : 15 April 1969/ Kuala Lumpur
- (v) Date of Listing** : 15 July 1971
- (vi) Status** : Resident Controlled Company
- (vii) Principal activities** : The principal activity of the Issuer is investment holding and provision of management services to its subsidiaries.
- (viii) Board of directors** : The board of directors of the Issuer as at 30 November 2012:
 - 1) Dato’ Teo Chiang Quan
 - 2) Datuk Seri Yam Kong Choy
 - 3) Quah Chek Tin
 - 4) Geh Cheng Hooi
 - 5) Dato’ Rohana Tan Sri Mahmood
 - 6) Dato’ Haji Azlan Bin Hashim
 - 7) Ong Keng Siew
 - 8) Dato’ Md Taib Bin Abdul Hamid

- (ix) **Structure of shareholdings and names of substantial shareholders** : The structure of shareholdings and names of substantial shareholders of the Issuer as at 30 November 2012:

Name	Ordinary shares			
	<i>Direct</i>	<i>%</i>	<i>Indirect</i>	<i>%</i>
Paramount Equities Sdn Bhd	88,144,000	26.09	-	-
Dato' Teo Chiang Quan	4,488,400	1.33	88,826,300 (1)	26.29
Southern Palm Industries Sdn Bhd	29,789,200	8.82	15,453,200 (2)	4.57
Southern Edible Oil Industries (M) Sdn Bhd	932,400	0.28	45,242,400 (3)	13.39
Southern Realty (Malaya) Sdn Bhd	8,397,200	2.49	46,174,800 (4)	13.67
Name	Ordinary shares			
	<i>Direct</i>	<i>%</i>	<i>Indirect</i>	<i>%</i>
Banting Hock Hin Estate Co Sdn Bhd	515,200	0.15	54,572,000 (5)	16.15
Dato' Low Mong Hua (deceased)	-		55,087,200 (6)	16.30

Note:

- (1) *By virtue of his deemed interest in Paramount Equities Sdn Bhd, and the shareholdings of his family members.*
- (2) *By virtue of its deemed interest in Southern Acids (M) Berhad.*

- (3) *By virtue of its deemed interest in Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*
- (4) *By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*
- (5) *By virtue of its deemed interest in Southern Realty (Malaya) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*
- (6) *By virtue of the deceased's deemed interest in Banting Hock Hin Estate Co Sdn Bhd, Southern Realty (Malaya) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

- (x) **Authorised and paid-up capital** : The authorised and paid-up capital of the Issuer as at 30 November 2012:
- 1) Total authorised share capital – RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each.
 - 2) Total paid-up share capital – RM168,905,728 comprising 337,811,456 ordinary shares of RM0.50 each.

2. PRINCIPAL TERMS AND CONDITIONS

(a) Names of parties involved in the proposed transaction

- (i) **Joint Principal Advisers (“JPAs”)** :
 - (1) Hong Leong Investment Bank (formerly known as MIMB Investment Bank Berhad) (Company No. 10209-W) (“**HLIB**”)
 - (2) OCBC Bank Berhad (Company No. 295400-W) (“**OCBC**”)
 - (3) RHB Investment Bank Berhad (Company No. 19663-P) (“**RHB Investment Bank**”)
- (ii) **Joint Lead Arrangers (“JLAs”)** :
 - (1) HLIB
 - (2) OCBC
 - (3) RHB Investment Bank
- (iii) **Co-Arranger** : Not applicable
- (iv) **Solicitor** : Messrs. Adnan Sundra & Low
- (v) **Financial Adviser** : Not applicable
- (vi) **Technical Adviser** : Not applicable
- (vii) **Trustee** : Pacific Trustees Berhad (Company No. 317001-A)

- (viii) **Guarantor** : Not applicable
- (ix) **Valuer** : Not applicable
- (x) **Facility Agent** : HLIB
- (xi) **Primary Subscriber (under a bought-deal arrangement) and amount subscribed** : Financial institutions and/or persons falling within any one category of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 as amended from time to time to be determined prior to the issuance of the Private Debt Securities ("**PDS**").
- (xii) **Underwriter 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)** : Joint Lead Managers
(1) HLIB
(2) OCBC
(3) RHB Investment Bank
- (b) **Facility Description** : Private Debt Securities ("**PDS**") issuance programme of up to RM200.0 million in aggregate nominal value ("**Programme**").
- (c) **Issue/Programme Size** : Up to RM200.0 million in nominal value to be issued in the following manner:-

Tranche	Amount (up to RM' Million in nominal value)
Tranche 1: Issuance in Fixed Rate	200.0
Tranche 2: Issuance in Floating Rate	100.0

subject to:

- (i) The combined aggregate issuance under Tranche 1 and Tranche 2 shall not exceed the Programme size of RM200.0 million in nominal value at all times; and
- (ii) Issuance under Tranche 2 is not subject to any issuance under Tranche 1, vice versa.

(d) Tenure of Issue/ Debt Programme (or Facility) : Perpetual

(e) Availability Period of Debt Programme (or Facility) :

Tranche	Availability Period
Tranche 1:	
a) First RM100.0 million	Commencing from the Financial Close and ending on the date falling 12 months later
b) Second RM100.0 million	Commencing from the Financial Close and ending on the date falling 24 months later
Tranche 2	Commencing from the Financial Close and ending on the date falling 24 months later

Note:

Financial Close: The date of compliance with all the conditions precedent unless waived by the JLAs.

In any case, the first issuance shall not be later than two (2) years from the date of Securities Commission Malaysia's ("SC") approval.

(f) Interest / Coupon Rate : The PDS confer a right to receive distribution ("**Distribution**") at a frequency provided in section 2 (g) below.

The rate of Distribution ("**Distribution Rate**") shall be determined prior to each issuance. The PDS may be issued on a fixed rate or a floating rate basis.

(g) Interest / Coupon Payment Frequency : Semi-annual basis in arrears ("**Distribution Payment Date**").

- (h) **Interest / Coupon Payment Basis** : The Distribution shall be calculated based on the actual number of days elapsed over 365 days basis (actual / 365).
- (i) **Security / Collateral (if any)** : None
- (j) **Details on Utilisation of Proceeds** : The net proceeds arising from the issue of the PDS (after the deduction of issue expenses) will be used for investments and working capital purposes.
- (k) **Sinking Fund and Designated Accounts (if any)** : Not applicable
- (l) **Rating**
 - (i) **Credit Rating(s) Assigned** : The PDS will not be rated.
 - (ii) **Name of Rating Agency** : Not applicable
- (m) **Mode of Issue** : The PDS will be issued via private placement on best effort basis without prospectus.

The PDS will be issued in accordance with the:-

- (i) Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") dated 6 May 2011 ("**MyClear Procedures**"); and
 - (ii) Participation and Operation Rules for Payment and Securities Services issued by My Clear dated 6 May 2011 ("**MyClear Rules**") (MyClear Procedures and MyClear Rules are collectively referred to as "**MyClear Procedures and Rules**"), subject to such exemptions (if any) granted from time to time.
- (n) **Selling Restriction, including tradability (i.e. tradable or non-transferable)** : The PDS may not be offered or sold, directly or indirectly, nor any document or other material in connection therewith be distributed in Malaysia or anywhere else, other than to persons falling within any of the following categories of persons:-

At Issuance

Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 as amended from time to time.

Selling Restrictions thereafter

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

- (o) **Listing Status and Types of Listing** : The PDS will not be listed on the Bursa Malaysia Securities Berhad or on any other stock 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 typical and customary for facility of this nature which shall include but not limited to the following:-

(i) Main Documentation

All documents in relation to the PDS ("**Transaction Documents**") have been duly executed, and where applicable, stamped (unless otherwise exempted) and presented for registration with the relevant authorities.

(ii) The Issuer

- (a) Certified true copies of the Certificate of Incorporation, Memorandum and Articles of Association, latest Forms 24, 44 and 49 of the Issuer;
- (b) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the Transaction Documents and issuance of the PDS;
- (c) A list of the Issuer's authorised signatories and their respective specimen signatures; and
- (d) A report of the relevant company and winding-up search of the Issuer which revealed that no winding-up order has been made against the Issuer.

(iii) General

- (a) The approvals from the relevant authorities, including but not limited to the SC in respect of the PDS and the compliance with all conditions of such approval, where applicable;

- (b) Receipt of satisfactory legal opinion from the Solicitors, to be addressed to the JLAs and Facility Agent, advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and written confirmation that all conditions precedent have been duly fulfilled or waived;
- (c) Documentary evidence that the Trustee Reimbursement Account has been established and the deposit of RM30,000 has been made;
- (d) All required approvals and consents for the provisions of the PDS have been obtained; and
- (e) Such other Conditions Precedent to be advised by the Solicitors and mutually agreed between the JLAs and the Issuer.

(r) Representations and Warranties

: Representations and warranties typical and customary for transaction of this nature which shall include but not limited to the following:-

- (a) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia and has full power and authority to own assets and to carry on its business;
- (b) The Issuer has the power to enter into, exercise its rights and perform its obligations under the respective Transaction Documents;
- (c) All necessary actions, authorisations and consents required under the respective Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
- (d) The Transaction Documents constitute valid, binding and enforceable obligations of which are enforceable on and against the Issuer;
- (e) No registration and no payment of any duty or tax or other action is necessary to ensure the validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents;
- (f) The Issuer's entry into, exercise of its rights and performance of its obligations under the respective Transaction Documents do not and will not violate any existing law or agreements to which it is a party;

- (g) To the Issuer's knowledge, there are no change of law or other governmental action has occurred which shall make it improbable for the Issuer to perform covenants and obligations on its part to be performed under the Transaction Documents;
- (h) The audited financial statements of the Issuer of each of its financial year have been prepared on a basis consistently applied in accordance with the approved accounting standards in Malaysia and give a true and fair view of the results of its operations for that year and the state of its affairs at that date;
- (i) There has been no event or occurrence which constitutes a violation of the law or contravention of or default under any agreement, by the Issuer which will have a Material Adverse Effect;
- (j) There is no change in its business condition (financial or otherwise), performance or results of the operations of the Issuer which may have a Material Adverse Effect;
- (k) There is no winding-up petition or any litigation or arbitration which may have a Material Adverse Effect which has occurred or is continuing; and
- (l) Such other representations and warranties as may be advised by the Solicitors and mutually agreed between the JLAs and the Issuer.

"Material Adverse Effect" means, in relation to any event, the occurrence of which in the reasonable opinion of the Trustee may materially and adversely affect on:-

- (i) the ability of the Issuer to perform any of its obligations under the Transaction Documents; or
- (ii) the financial position and / or business and/or operations of the Issuer; or
- (iii) (a) the validity or enforceability of the Issuer's obligations and/or (b) the rights or remedies of the Trustee or the holders of the PDS ("**PDS Holders**") under the Transaction Documents.

(s) Enforcement Events : Upon occurrence of any Enforcement Event, the Enforcement Remedy may be enforced.

The Enforcement Events are as follows:-

- (i) The Issuer fails to pay the Distributions (including Arrears of Distribution (as defined in section 2 v (v) below)) on any of the PDS when due (for this purpose, such payment will not be due if the Issuer has elected to request deferment by giving written notice to the Trustee) and such failure continues for a period of five (5) business days in the case of Distributions; or
- (ii) A court order is made or an effective resolution passed for the winding-up or dissolution of the Issuer.

For the avoidance of doubt, a breach of covenant by the Issuer (save for the failure to pay) will not constitute an Enforcement Event.

Enforcement Remedy

Upon the occurrence of an Enforcement Event under section 2 (s) (i) above, the Trustee may declare that an Enforcement Event has occurred and the Trustee (for and on behalf of the Subscriber(s)) may institute such proceedings as they may think fit to enforce the obligations of the Issuer, including institute proceedings for the winding-up of the Issuer and/or prove in the winding up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

Upon the occurrence of an Enforcement Event under section 2 (s) (ii) above, the Trustee may at its discretion or shall, if directed to do so by a special resolution, declare that an Enforcement Event has occurred and that all the outstanding PDS together with outstanding Distributions (including any Arrears of Distribution) are immediately due and payable by the Issuer.

(t) Covenants

- : Such covenants as are customary for a transaction of this nature and required in order to comply with the Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) ("**Trust Deeds Guidelines**") issued by the SC including but not limited to the following:-

(i) Positive Covenants

- : (a) The Issuer will give to the Trustee any information which the Trustee may reasonably require in order to discharge its duties and obligations under the Transaction Documents relating to the Issuer's affairs to the extent permitted by law;
- (b) 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;

- (c) The Issuer shall maintain and keep proper respective books and accounts at all times in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia and subject to reasonable advance written notice being given to the Issuer, provide the Trustee and any person appointed by it e.g. auditors access to such books and accounts to the extent permitted by law;
- (d) maintain a paying agent, or its equivalent, who is based in Malaysia;
- (e) procure the Paying Agent to notify the Trustee, through the Facility Agent, in the event that the Paying Agent does not receive payment from the Issuer on the due dates as required under Transaction Documents and the terms and conditions of the PDS; and
- (f) Such other covenants as may be advised by the Solicitors and mutually agreed between the JLAs and the Issuer.

(ii) Negative Covenants

: Unless with the prior written consent of the holders of the PDS:-

- (a) The Issuer shall not permit any amendment, supplement or variation to its Memorandum and Articles of Association in a manner inconsistent with the Transaction Documents to which it is a party and/or which may be materially prejudicial to the interests of the PDS Holders;
- (b) The Issuer shall not change the utilisation of proceeds from the PDS as set out herein;
- (c) The Issuer shall not enter into a transaction, whether directly or indirectly with interested persons unless:
 - (i) 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;
 - (ii) with respect to transaction involving an aggregate payment or value which would

trigger any applicable percentage ratio as provided under the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

provided that the Issuer certifies to the Trustee that the transaction complies with paragraph (c)(i) above, that the Issuer has received the certification referred to in paragraph (c)(ii) above (where applicable) and that the transaction has been approved by the majority of the board of directors or shareholders of the Issuer in a general meeting as the case may require;

- (iii) with respect to transactions constituting a recurrent related-party transaction of a revenue or trading nature ("**RRPT**") which are provided for and permitted under the Listing Requirements,

provided that the Issuer certifies to the Trustee that the transaction complies with paragraph (c)(i), that the Issuer has obtained or renewed, where applicable, the shareholders' mandate in accordance with the Listing Requirements and that the Issuer furnishes at least one certificate to the trustee in respect of the RRPT contemplated under one shareholders' mandate; and

- (iv) such transaction will not have a Material Adverse Effect on the Issuer; and

- (d) Such other negative covenants as may be advised by the Solicitor and mutually agreed between the JLAs and the Issuer.

(iii) Information Covenants

- : (a) The Issuer shall without any prior demand deliver to the Trustee the following:
 1. Semi-annual unaudited management accounts within ninety (90) days from the end of each half year;
 2. Year-end audited financial statements within one hundred and eighty (180) days from its financial year end;

3. Promptly and in any event no later than thirty (30) business days, after receipt of such request from the Trustee, any other information relating to its business, affairs and financial condition as may from time to time be reasonably requested by the Trustee in order to discharge its duties and obligations as Trustee to the PDS Holders to the extent permitted by law;
 4. Promptly, any notices, circulars and other documents dispatched by the Issuer to its shareholders; and
 5. Within one hundred and eighty (180) days after each of its financial year end, a certificate confirming that the Issuer has complied with all its obligations under the Transaction Documents and the terms and conditions of the PDS and and that there did not exist or had not existed, from the date the PDS were issued or date of the previous certificate as the case may be, any Enforcement Event, where applicable and if such is not the case, to specify the same with details of the same.
- (b) The Issuer shall notify the Trustee in writing immediately of:-
- (i) The occurrence of an Enforcement Event;
 - (ii) Any circumstances that has occurred that would materially prejudice the Issuer and any other matter that may materially prejudice the interests of the PDS Holders;
 - (iii) Any claims against it which could have Material Adverse Effect upon the ability of the Issuer to perform its obligations under the Transaction Documents to which it is a party and shall defend itself against such claims;
 - (iv) Any change in the withholding tax position or taxing jurisdiction of the Issuer insofar as it affects the payment obligations of the Issuer;
 - (v) Any change in the utilisation of proceeds from the PDS where the Transaction Documents sets out a specific purpose for which proceeds are to be utilised;

- (vi) Any substantial change in the nature of the business of the Issuer;
- (vii) Any material change in the directorship, management and shareholder or any other changes that may materially and adversely affect its business condition (financial or otherwise);
- (viii) The occurrence of any event that has caused or could cause, one or more of the following:
 - (aa) any amount payable under the PDS to become immediately payable; or
 - (bb) the PDS to become immediately enforceable pursuant to the occurrence of an Enforcement Event; or
 - (cc) any other right or remedy under the terms, provisions or covenants of the PDS or the trust deed to become immediately enforceable; and
- (ix) Any other matter that may materially prejudice the interests of PDS Holders.

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

- (i) **Early Redemption** : The PDS is issued on a perpetual basis and the Issuer may redeem the PDS as stated in section 2 (v) (ix) below. The PDS redeemed by the Issuer in relation to such redemption shall be cancelled and may not be reissued or resold.
- (ii) **Buy-back and Cancellation** : Not applicable.

(v) Other Principal Terms and Conditions for the Issue

- (i) **Status of the PDS** : The PDS constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined below). In the event that an order is made or an effective resolution is passed for the winding-up of the Issuer, the payment obligations of the Issuer under the PDS shall in such winding-up:-

- (i) rank ahead of the holders of Junior Obligations (as defined below) of the Issuer; and
- (ii) junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer)

“Junior Obligations” means, in relation to any entity, any class of such entity’s share capital, save for any instrument or security (including, without limitation, any preference shares) ranking in priority in payment and in all other respects to the ordinary shares in the capital of such entity.

“Parity Obligations” means any instrument or security (including, without limitation, any preference shares) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation or law, pari passu with the PDS.

(ii) Call Date

Tranche	Call Date (from date of issue)
Tranche 1	Five (5), seven (7) or ten (10) years.
Tranche 2	<p><u>Option 1</u> Five (5) years.</p> <p><u>Option 2</u> Seven (7) years.</p> <p>Or a combination of Option 1 and Option 2 above.</p> <p>For the avoidance of doubt, the Call Date for each issuance shall be determined upfront at issuance.</p>

(iii) Stepped-Up Distribution Rate

: Commencing from (i) in relation to the PDS issued under Tranche 1, the last Call Date (ii) in relation to the PDS issued under Tranche 2, the elected Call Date and on every anniversary date thereafter an additional Stepped-Up Distribution Rate per the following shall be incurred on an annual basis, until the PDS is fully redeemed:

Tranche	Stepped-Up Distribution Rate
Tranche 1	An additional 1.00% per annum above the prevailing Distribution Rate after the 10 th anniversary, subject to a maximum rate of 20%. ("Maximum Rate")
Tranche 2	An additional 1.00% per annum above the prevailing Distribution Rate, subject to a maximum applicable margin of 15% above the PDS Holders' cost of funds. ("Maximum Applicable Margin")

- (iv) **Optional Deferral of Distribution** : The Issuer may, at its sole discretion, elect to defer Distribution (or Arrears of Distribution (as defined below)) by giving one (1) month's prior written notice to the Trustee of such election provided such notice is given within the period of six (6) months prior to the relevant Distribution Payment Date:-
- (i) no dividend, distribution or other payment has been paid or declared by the Issuer in respect of any of the Issuer's Junior Obligations or Parity Obligations and
 - (ii) none of the Issuer's Junior Obligations or Parity Obligations has been redeemed, reduced, cancelled, bought-back or acquired by the Issuer.
- (v) **Cumulative Deferral** : Any Distribution deferred pursuant to section 2 v (iv) above shall constitute "**Arrears of Distribution**". The Arrears of Distribution shall be due and payable on the next Distribution Payment Date. The Issuer is not subject to any limit as to the number of times Distributions and/or Arrears of Distribution can or shall be deferred (subject to section 2 v (iv) above).
- Notwithstanding any other provisions, the deferral of any Distribution or Arrears of Distribution in accordance with section 2 v (iv) above shall not constitute an Enforcement Event.
- (vi) **Dividend and Capital Stopper** : If, on any Distribution Payment Date, there is any outstanding Distributions (including Arrears of Distribution), the Issuer shall not :
- (i) declare or pay any dividends, payments or other distributions on any of its Junior Obligations or its Parity Obligations; or

- (ii) redeem, reduce, cancel, buy-back or acquire any of its Junior Obligations or its Parity Obligations.

The Issuer may only resume (i) and (ii) after the payment of all Arrears of Distribution plus one (1) Distribution Payment thereafter ("Next Distribution Payment").

(vii) Dividend and Capital Pusher : Payment by the Issuer of any outstanding Distributions (including Arrears of Distribution) and the Next Distribution Payment will be mandatory (regardless of the Optional Deferral of Distribution) within one month from any date:-

- (i) if the Issuer or any of its subsidiaries has on such date declared or paid any dividends, payments or other distributions on any of its and/or its subsidiaries' Junior Obligations or Parity Obligations; or
- (ii) if the Issuer or any of its subsidiaries has on such date redeemed, reduced, cancelled, bought-back or acquired any of the Issuer's and/or its subsidiaries' Junior Obligations or Parity Obligations.

For avoidance of doubt, the Next Distribution Payment will be utilized to service the next distribution obligations.

(viii) Set-off : Subject to applicable law, no PDS Holders may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the PDS, and each PDS Holders shall, by virtue of its holding of any PDS, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer.

Notwithstanding the preceding sentence, if any of the amounts owing to any PDS Holders by the Issuer in respect of, or arising under or in connection with the PDS is discharged by set-off, such PDS Holders shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

- (ix) **Redemption** :

The PDS are perpetual securities with no fixed final date of redemption. The PDS may be redeemed at the option of the Issuer (but not the PDS Holders) in the circumstances described under “**Optional Redemption**”, “**Accounting Event Redemption**”, “**Tax Event Redemption**”, “**Leverage Event Redemption**”, “**General Offer Event Redemption**”, “**Shareholder/Shareholding Event Redemption**” and “**Early Redemption of PDS**”. All PDS redeemed by the Issuer at its option shall be cancelled and may not be reissued or resold.
- (x) **Optional Redemption** :

The Issuer may, at its option, redeem all or some of the PDS (on a pro-rata basis) at their nominal amount, together with outstanding Distributions (including Arrears of Distribution) accrued up to the date fixed for redemption at the (i) in relation to the PDS issued under Tranche 1, the first Call Date or any Distribution Payment Date thereafter, (ii) in relation to the PDS issued under Tranche 2, the elected Call Date or any Distribution Payment Date thereafter. The Issuer shall give not less than thirty (30) days’ and not more than sixty (60) days’ notice to the PDS Holders and/or the Trustee (which notice shall be irrevocable) for this optional redemption.
- (xi) **Accounting Event** :

As a result of any changes or amendments to the Financial Reporting Standards (“**FRS**”) in Malaysia or any other accounting standards that may replace FRS for the purposes of the Issuer’s consolidated financial statements (the “**Relevant Accounting Standard**”), the PDS will no longer be recorded as “equity” pursuant to the Relevant Accounting Standard.
- (xii) **Accounting Event Redemption** :

If at any time an Accounting Event has occurred and is continuing, the auditor to the Issuer must deliver an opinion to the effect that an Accounting Event has occurred. Then, the PDS may be redeemed (in whole, but not in part) at their nominal amount, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption, at the option of the Issuer, on giving not less than thirty (30) days’ and not more than sixty (60) days’ notice to the PDS Holders and/or the Trustee (which notice shall be irrevocable).
- (xiii) **Tax Event** :

If at any time the Issuer has or will become obliged to pay additional amounts as provided or referred to in section 2 (v) (xxii) as result of any change in, or amendment to, the laws or regulations of Malaysia, or any change in the application or official interpretation of such laws (“**Tax Event**”), the tax agent to the Issuer must

deliver an opinion to the effect that a Tax Event has occurred.

- (xiv) **Tax Event Redemption** : If at any time a Tax Event has occurred and is continuing, the Issuer may, at its option, redeem the PDS (in whole, but not in part) at their nominal amount together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption, on giving not less than thirty (30) days' and not more than sixty (60) days' notice to the PDS Holders and/or the Trustee (which notice shall be irrevocable).

- (xv) **Leverage Event** : If at any time the debt to equity ratio ("**D/E Ratio**") of the Issuer (on a consolidated basis) exceeds 1.5 times, which shall be tested on an annual basis based on PCB's annual consolidated financial statements, with the first calculation date being the date of the first financial year end after the date of the first issuance of the PDS, a Leverage Event shall have occurred.

D/E Ratio is defined as Net Total Group Debts ("**NTGD**") over Shareholders' Funds ("**SF**"). **NTGD** is the aggregate of the Issuer's short-term and long-term debts minus cash and cash equivalent and shall exclude debts of its subsidiaries and related companies that have no recourse towards the Issuer.

For avoidance of doubt, any debts of subsidiaries and related companies that have recourse back to the Issuer shall be aggregated to the extent of the amount in which the Issuer is liable. SF shall be the aggregate of share capital, any hybrid capital and retained earnings.

- (xvi) **Leverage Event Redemption** : If at any time a Leverage Event has occurred and is continuing, the Issuer is obligated to have its auditor issue an opinion to the effect that a Leverage Event has occurred. Then, the PDS may be redeemed (in whole, but not in part) at their nominal amount, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption, at the option of the Issuer. Should the Issuer decide not to exercise its right of redemption under a Leverage Event the Distribution Rate will be increased to the Maximum Rate or Maximum Applicable Margin as the case may be with immediate effect.

- (xvii) **General Offer Event** : If at any time a Mandatory General Offer under the Code on Takeovers and Mergers 2010 has been made to the shareholders of the Issuer by a party other than Dato' Teo Chiang Quan, or any entity wholly owned or controlled by him, a General Offer Event has occurred.

- (xviii) **General Offer Event Redemption** : If at any time a General Offer Event has occurred then, the PDS may be redeemed (in whole, but not in part) at their nominal amount, together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption, at the option of the Issuer. Should the Issuer decide not to exercise its right of redemption under a General Offer Event the Distribution Rate will be increased to the Maximum Rate or Maximum Applicable Margin as the case may be with immediate effect.
- (xix) **Shareholder/ Shareholding Event** : A Shareholder/Shareholding Event shall have occurred, if at any time:-
- (i) The Issuer reduces or in any way alter (except by way of an increase) its authorised and issued paid-up capital; or
 - (ii) The Issuer enters into any transactions, requiring shareholders' approval, and such transactions have been entered into without the consent of the PDS Holders, save and except where such transactions are in the core business of the Issuer i.e. Property Development, Education and Construction (provided that such excluded transactions does not include any disposals which would require shareholders' approval); or
 - (iii) The Issuer carries out any exercise which will cause the share capital of the Issuer to be reduced and would require the approval of its shareholders; or
 - (iv) Save for those disclosed in writing to the JLAs prior to the date of the Transaction Documents, the Issuer's subsidiaries has any present or future dividend restriction arrangements/ agreements; or
 - (v) The Issuer enters into any dissolution or winding up of itself, or any amalgamation, consolidation, merger or restructuring the result of which would diminish the share capital of the Issuer.
- (xx) **Shareholder/ Shareholding Event Redemption** : Upon the occurrence of a Shareholder/Shareholding Event, the PDS may be redeemed (in whole but not in part) at their nominal amounts together with outstanding Distributions (including any Arrears of Distribution) accrued up to the date fixed for redemption, at the option of the Issuer. Should the Issuer decide not to exercise its right of redemption under a Shareholder/Shareholding Event, the Distribution Rate shall be increased to the Maximum Rate or Maximum Applicable Margin, as the

case may be with immediate effect.

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| (xxi) | Form and Denomination | <p>: The PDS shall be issued in accordance with MyClear Procedures and Rules as applicable from time to time.</p> <p>The PDS shall be represented by a global certificate (exchangeable for definitive certificates on the occurrence of certain limited events). The global certificate shall be deposited with BNM.</p> <p><u>Denomination</u></p> <p>The denomination of the PDS will be issued at RM1.0 million or in multiples of RM1.0 million thereof or such other denominations as may be allowed by MyClear / BNM at the time of issuance.</p> |
| (xxii) | Taxation | <p>: All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.</p> |
| (xxiii) | Transaction Documents | <p>: The Transaction Documents shall include the following:-</p> <ul style="list-style-type: none"> (a) the Programme Agreement; (b) the Trust Deed; (c) the Subscription Agreement(s); (d) Securities Lodgment Form for Central Securities Depository and Paying Agency Services; and (e) such other agreements as may be advised by the Solicitor and/or JLAs. |
| (xxiv) | Legal Fees, Stamp Duty and Other Expenses | <p>: All costs and expenses including but not limited to legal and other professional fees, stamp duty (if any), out-of-pocket expenses, fees for the Central Depository and Paying Agent, Trustee Facility Agent, SC and other regulatory fees (if any), and other costs and expenses, shall be for the account of the Issuer and on a full indemnity basis.</p> |
| (xxvi) | Governing Laws | <p>: The PDS and Transaction Documents shall be governed by the laws of Malaysia and be subject to the non-exclusive jurisdiction of the courts of Malaysia.</p> |

- (xxvii) **Other Conditions** : The PDS shall at all times be subject to such guidelines, rules and directives to be issued from time to time by the SC and BNM, having jurisdiction over matters pertaining to the PDS.