

This Information Memorandum is not an offer to sell securities and is not soliciting an offer to buy securities described herein in any jurisdiction where the offer or sale is not permitted

Strictly Private & Confidential

ROYAL SELANGOR®

**ROYAL SELANGOR INTERNATIONAL SDN BHD
(Company No. 008946-K)**

INFORMATION MEMORANDUM

**THE ISSUANCE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF
OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF UNRATED
MEDIUM TERM NOTES PURSUANT TO A MEDIUM TERM NOTES
PROGRAMME OF UP TO RM120.0 MILLION IN NOMINAL VALUE**

PRINCIPAL ADVISER/LEAD ARRANGER/LEAD MANAGER



**Hong Leong Investment Bank Berhad
(Company No. 10209-W)**

This Information Memorandum is dated 6 February 2015

IMPORTANT NOTICE

RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of Royal Selangor International Sdn Bhd (Company No. 008946-K) (the “**Issuer**”) and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries in the circumstances, and to the best of their knowledge, information and belief, there are no false or misleading statements or other material facts the omission of which would make any statement in this Information Memorandum false or misleading and that there are no material omissions in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

The Issuer has authorised Hong Leong Investment Bank Berhad (Company No. 10209-W) as the principal adviser, the lead arranger and the lead manager (“**PA/LA/LM**”) to distribute this Information Memorandum, which is now being provided by the LM on a confidential basis to potential investors or placees falling within (a) Section 4(6) of the Companies Act, 1965 as amended from time to time (“**Companies Act**”); and (b) Schedule 6 (or Section 229(1)(b)) or 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 (“**CMSA**”), for the sole purpose of assisting them to decide whether or not to subscribe for the MTN (as defined in this Information Memorandum).

This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior written consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

No representation, warranty or undertaking, express or implied, is given or assumed by the PA/LA/LM as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum.

The PA/LA/LM have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the MTN and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the PA/LA/LM or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any country (including its territories, all jurisdictions within that country and any possession areas subject to its jurisdiction), other than Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any Foreign Jurisdiction and it does not constitute an issue or offer or sale of, or an invitation to subscribe for or purchase of the MTN or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus and has not been registered or lodged under the laws of Malaysia or any Foreign Jurisdiction as a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

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

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it is lawful for the recipient to subscribe for or purchase the MTN under all jurisdictions to which the recipient is subject, (b) the recipient has complied with all applicable laws in connection with such subscription or purchase of the MTN, (c) the Issuer, the PA/LA/LM 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 or purchase of the MTN, and they shall not have any responsibility or liability in the event that such subscription or purchase of the MTN is or shall become unlawful, unenforceable, voidable or void, (d) it is aware that the MTN can only be offered or sold directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (e) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the MTN, and is able and is prepared to bear the economic and financial risks of investing in or holding the MTN, (f) it is subscribing for or accepting the MTN for its own account, and (g) it is a person falling within (i) Section 4(6) of the Companies Act; and (ii) Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA at issuance. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer, issue or invitation to subscribe or purchase of the MTN in relation to any recipient who does not fall within item (g) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the MTN is not, and should not be construed as, a recommendation by the Issuer, the PA/LA/LM or any other party to the recipient to subscribe for or purchase the MTN. This Information Memorandum 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 MTN and all other relevant matters, and each recipient should consult its own professional advisers.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any MTN shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the MTN is correct as of any time subsequent to the date indicated in the document containing the same. The PA/LA/LM expressly do not undertake to review the financial condition or affairs of the Issuer or its subsidiaries during the life of the MTN or to advise any investor in the MTN of any information coming to their attention. The recipient of this Information Memorandum or the potential investors should review, inter alia, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any MTN.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses in which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third party sources.

FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Information Memorandum which may contain words or phrases such as “will”, “would”, “aimed”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain

risks or uncertainties associated with the expectations of the Issuer with respect to, but not limited to, their ability to successfully implement their strategy, their ability to integrate future mergers or acquisitions into their operations, future levels of non-performing assets and restructured assets, their growth and expansion, the adequacy of their allowance for credit and investment losses, technological changes, investment income, their ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings they are or becomes a party to, the future impact of new accounting standards, their ability to implement their dividend policy, their ability to roll over their short-term funding sources, their exposure to market risks and the market acceptance of and demand for the Issuer's products.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Information Memorandum include, but are not limited to general economic and political conditions in Malaysia and the other countries which have an impact on the Issuer's business activities or investments, political or financial instability in Malaysia or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by any country, inflation, deflation, unanticipated turbulence in interest rates, changes in foreign exchange rate, equity prices or other rates or prices, the performance of the financial markets in Malaysia and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and pricing environment in Malaysia and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "**Investment Considerations**" contained in Section 4.0 of this Information Memorandum.

ROUNDING

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after, rounding.

STATEMENTS OF DISCLAIMER BY THE SECURITIES COMMISSION

In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the Securities Commission Malaysia (the "**SC**"), who takes no responsibilities for its contents.

The issue, offer or invitation in relation to the MTN in this Information Memorandum or otherwise is subject to the fulfilment of various condition precedent including without limitation the authorisation of the SC.

The SC vide its letters dated 15 August 2014 has authorised the issuance of the MTN pursuant to Section 256C(1) of the CMSA. Please note that the authorisation of the SC shall not be taken to indicate that the SC recommends the subscription for or purchase of the MTN.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in the Information Memorandum.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

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

This Information Memorandum is submitted to selected persons specifically to whom an issue, offer or invitation to subscribe or purchase the MTN would constitute persons falling within (a) Section 4(6) of the Companies Act; and (b) Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA at issuance 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 PA/LA/LM. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of applicable laws. If you have received this information memorandum contrary to any of the foregoing restrictions, you are not authorised and will not be able to purchase any of the securities described herein.

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 costs, 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 advisers, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

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

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

INFORMATION IN THE INFORMATION MEMORANDUM

IMPORTANT NOTICE	I
DEFINITIONS.....	2
SECTION 1.0 EXECUTIVE SUMMARY	3
1.1 BRIEF BACKGROUND OF THE ISSUER.....	3
1.2 BRIEF SUMMARY OF THE STRUCTURE OF THE MTN PROGRAMME	3
1.3 STATUS OF THE MTN.....	3
1.4 UTILISATION OF PROCEEDS.....	4
1.5 SECURITY ARRANGEMENT.....	4
1.6 RATING	4
1.7 SOURCE OF REPAYMENT	4
1.8 REGULATORY APPROVALS OBTAINED	4
1.9 KEY FINANCIAL HIGHLIGHTS	4
SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE MTN PROGRAMME.....	5
SECTION 3.0 SELLING RESTRICTIONS	26
SECTION 4.0 INVESTMENT CONSIDERATIONS.....	27
4.1 RISKS RELATING TO THE ISSUER'S BUSINESS.....	27
4.2 RISK RELATING TO THE MTN	29
4.3 FORWARD LOOKING STATEMENTS	30
SECTION 5.0 BACKGROUND INFORMATION ON THE ISSUER	31
5.1 CORPORATE HISTORY AND PRINCIPAL ACTIVITIES.....	31
5.2 SHARE CAPITAL	31
5.3 SHAREHOLDING STRUCTURE	31
5.4 PROFILES OF DIRECTORS OF THE ISSUER	32
5.5 DIRECTORS' SHAREHOLDING IN THE ISSUER.....	34
5.6 KEY MANAGEMENT OF THE ISSUER	34
5.7 SUBSIDIARIES OF THE ISSUER.....	35
SECTION 6.0 OVERVIEW OF THE ISSUER'S BUSINESS	37
6.1 OVERVIEW	37
6.2 BUSINESS STRATEGY AND FUTURE PLANS.....	37
6.3 COMPETITIVE STRENGTHS.....	37
6.4 RISK MANAGEMENT.....	37
SECTION 7.0 INDUSTRY OVERVIEW	38
7.1 OVERVIEW OF THE MALAYSIAN ECONOMY.....	38
7.2 INDUSTRY OUTLOOK ON THE BUSINESS OF THE ISSUER.....	39
SECTION 8.0 OTHER INFORMATION	41
8.1 MATERIAL LITIGATION.....	41
8.2 MATERIAL CONTRACTS OUTSIDE THE ORDINARY COURSE OF BUSINESS	41
8.3 RELATED PARTY TRANSACTIONS	41
8.4 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS	41
8.5 POTENTIAL CONFLICT OF INTERESTS AND APPROPRIATE MITIGATING MEASURES	41

APPENDIX I Latest Audited Financial Statements of the Issuer for the FYE 30 June 2014

DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

BNM	- Bank Negara Malaysia.
Bond Trustee	- Pacific Trustees Berhad (Company No. 317001-A).
CMSA	- Capital Markets and Services Act 2007 (as amended from time to time).
Companies Act	- Companies Act, 1965 (as amended from time to time).
FPE	- The financial period ended.
FYE	- The financial year ending/ended, as the case may be.
Group	- The Issuer and its subsidiaries, collectively.
HLIB	- Hong Leong Investment Bank Berhad (Company No. 10209-W).
MTN	- The unrated medium term notes issued pursuant to the MTN Programme.
MTN holders	- the holders of the MTN.
MTN Programme	- Medium term notes programme of up to RM120.0 million in nominal value.
MyClear	- Malaysian Electronic Clearing Corporation Sdn Bhd (Company No. 836743-D).
Principal Adviser or Lead Arranger or Lead Manager	- HLIB.
Ringgit/RM and sen	- Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia.
SC	- Securities Commission Malaysia.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 1.0 EXECUTIVE SUMMARY

The information set out in this section is an executive summary of the principal features of the transaction. It is qualified in its entirety by, and must be read in conjunction with, the further detailed information appearing elsewhere in this Information Memorandum.

1.1 Brief background of the Issuer

The Issuer was incorporated in Malaysia under the Companies Act on 1 October 1969 as a private limited company under the name of Selangor Pewter Company Sendirian Berhad. The Issuer changed its name to Royal Selangor International Sdn Bhd on 8 June 1992.

The principal activities of the Issuer consist of manufacturing and marketing of pewter articles. Please refer to Section 6.0 of this Information Memorandum for the Overview of the Issuer's business.

1.2 Brief summary of the structure of the MTN Programme

(Please refer to the definitions in Section 2.0 - Principal Terms and Conditions ("PTC") of this Information Memorandum for all terminologies used under this section)

MTN Programme

The MTN Programme entails the issuance of MTN of up to RM120.0 million in nominal value. The programme size of the MTN Programme shall be up to RM120.0 million in nominal value ("**Programme Limit**"). The outstanding nominal value of the MTN issued under the MTN Programme shall not exceed the Programme Limit at any point in time.

The MTN Programme shall have a tenure of twenty (20) years from the date of first issuance of the MTN. The MTN may be issued with tenure of more than one (1) year and up to (10) years, provided always that the maturity date of the respective MTN shall not extend beyond the expiry of the MTN Programme.

The first issuance of MTN under the MTN Programme shall not be later than two (2) years from the date of the SC's authorisation. The availability period of the MTN Programme is fifteen (15) years commencing from the completion of documentation and compliance of all conditions precedent as stipulated under item 2(q) of the PTC in Section 2.0 of this Information Memorandum and other applicable conditions to the satisfaction of the PA/LA unless waived by the PA/LA.

The MTN will be issued via direct/private placement on best effort basis without prospectus with fixed rate coupon payable in arrears on a semi-annual basis or such other period as the Issuer and the LM may agree subject to the rules issued by MyClear as amended and/or substituted from time to time or its successors-in-title or successor in such capacity during the tenure of the MTN.

1.3 Status of the MTN

The MTN shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank pari-passu without preference or priority among themselves and will rank pari passu to all other present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law and the Transaction Documents).

1.4 Utilisation of proceeds

The net proceeds arising from the issuance of the MTN (after deduction of expenses incidental to the MTN Programme) shall be utilised for investments, capital expenditure, working capital requirements, refinancing of existing borrowings and/or general corporate purposes of the Issuer.

It is the Issuer's intention to raise sufficient proceeds from the first MTN issuance under the MTN Programme to refinance the Issuer's existing fixed rate bonds of RM30.0 million in nominal value which is maturing on 13 February 2015.

1.5 Security arrangement

The MTN will be issued on a clean basis.

1.6 Rating

The MTN Programme will not be rated, hence the MTN issued under the MTN Programme are non-transferable and non-tradable.

1.7 Source of repayment

The primary source of repayment of the MTN is from internally generated funds and cash flows from the operations of the Issuer.

1.8 Regulatory approvals obtained

The authorisation from the SC for the MTN Programme pursuant to subsection 256C(1) of the CMSA was obtained on 15 August 2014.

1.9 Key financial highlights

The Issuer's key financial highlights for the most recent two (2) financial years ended 30 June are tabulated as below:

	FYE2014 RM'000	FYE2013 RM'000
Revenue	60,406	67,686
Profit before tax	4,832	9,758
Profit after tax	3,678	7,835
Total assets	218,304	216,857
Total liabilities	83,134	85,365
Shareholders' funds	135,170	131,492

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE MTN PROGRAMME

Words and expressions used and defined in this section shall, in the event of an inconsistency with the definitions section of this Information Memorandum, only be applicable for this section.

1. BACKGROUND INFORMATION

- (a) **Issuer**
- (i) **Name** : Royal Selangor International Sdn Bhd (the “**Issuer**”)
- (ii) **Address** : Registered Office
4 Jalan Usahawan Enam
Kawasan Perindustrian Setapak
Jalan Genting Klang
53300 Kuala Lumpur
- Business Office
4 Jalan Usahawan Enam
Kawasan Perindustrian Setapak
Jalan Genting Klang
53300 Kuala Lumpur
- (iii) **Business registration number** : 008946-K
- (iv) **Date and place of incorporation** : 1 October 1969 / Kuala Lumpur, Malaysia
- (v) **Date of listing, where applicable** : Not applicable
- (vi) **Status on residence** : Resident controlled company
- (vii) **Principal activities** : The principal activities of the Issuer consist of the manufacturing and marketing of pewter articles.
- (viii) **Board of directors** : The board of directors of the Issuer as at 1 June 2014:
- 1) Tan Sri Yong Poh Kon
 - 2) Datin Paduka Yong Mun Kuen
 - 3) Yong Yoon Li
 - 4) Chen Tien Yue
 - 5) Wong Chin Yoon
 - 6) Peter John Coleman

(ix) **Structure of shareholdings and names of substantial shareholders or, in the case of a public company, names of all substantial shareholders**

: The structure of shareholdings and names of substantial shareholders of the Issuer as 1 June 2014:

Name	No. of shares (ordinary shares)			
	Direct	%	Indirect	%
Kai Holdings Sendirian Berhad ¹	7,110,820	44.44	-	-
Tan Sri Yong Poh Kon ²	2,222,295	13.89	16,000,000	100
Yong Poh Shin ²	2,222,295	13.89	16,000,000	100
Yong Mun Ha ²	2,222,295	13.89	16,000,000	100
Datin Paduka Yong Mun Kuen ²	2,222,295	13.89	16,000,000	100

Notes:-

- 1 Kai Holdings Sendirian Berhad is held equally by Tan Sri Yong Poh Kon, Yong Poh Shin, Yong Mun Ha and Datin Paduka Yong Mun Kuen.*
- 2 On 11 May 2000, Tan Sri Yong Poh Kon, Yong Poh Shin, Yong Mun Ha and Datin Paduka Yong Mun Kuen executed a trust deed declaring that the shares held by them were held in trust for Kai Holdings Sendirian Berhad. Indirect interest of the shareholders is through their respective shareholdings in Kai Holdings Sendirian Berhad.*

- (x) **Authorised, issued and paid-up capital** : The authorised and paid-up capital of the Issuer as at 1 June 2014 are as follows:

Authorised capital:

RM70,000,000.00 comprising 70,000,000 ordinary shares of RM1.00 each.

Issued and Paid-up capital:

RM16,000,000.00 comprising 16,000,000 ordinary shares of RM1.00 each.

- (xi) **Disclosure of the following** :

- If the Issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of the application; and

The Issuer or its board members have not been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five (5) years prior to the date of application for authorisation to the Securities Commission Malaysia ("SC") in respect of the MTN Programme (as defined in item 2(b) below).

- If the Issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application.

Not applicable as the Issuer is not a listed company.

2. PRINCIPAL TERMS AND CONDITIONS

(a) Names of parties involved in the proposed transaction

(i)	Principal adviser (“PA”)	: Hong Leong Investment Bank Berhad (Company No. 10209-W) (“HLIB”)
(ii)	Lead arranger (“LA”)	: HLIB
(iii)	Co-arranger	: Not applicable
(iv)	Solicitor	: Messrs. Adnan Sundra & Low, Solicitor for the PA/LA
(v)	Financial adviser	: Not applicable
(vi)	Technical adviser	: Not applicable
(vii)	Bond trustee	: Pacific Trustees Berhad (“Trustee”)
(viii)	Guarantor	: Not applicable
(ix)	Valuer	: Not applicable
(x)	Facility agent	: HLIB
(xi)	Primary subscriber (under a bought-deal arrangement) and amount subscribed	: Not applicable
(xii)	Underwriter and amount underwritten	: To be determined, if applicable, at the point of each issuance.
(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)	: <u>Lead Manager (“LM”)</u> HLIB

(b) Facility description : Proposed issuance of unrated medium term notes (“MTN”) pursuant to a proposed MTN programme of up to RM120.0 million in nominal value (“MTN Programme”).

(c) Issue/debt programme size : The size of the MTN Programme is up to RM120.0 million in nominal value (“Programme Limit”).

The outstanding nominal value of the MTN issued under the MTN Programme shall not exceed the Programme Limit at any point in time.

(d) Tenure of issue/debt programme : The MTN Programme shall have a tenure of twenty (20) years from the date of first issuance of the MTN. The first issuance shall not be later than two (2) years from the date of the SC’s authorisation.

Each MTN issued shall have a maturity of more than one (1) year and up to ten (10) year(s), provided always that the maturity date of the respective MTN shall not extend beyond the expiry of the MTN Programme.

- (e) **Availability period of debt programme** : Commencing from the Financial Close (as defined herein) and ending on the date falling fifteen (15) years from the Financial Close.
- “Financial Close”** means upon completion of all documentation and compliance of all Conditions Precedent (as defined in item 2(q) below) and other applicable conditions to the satisfaction of the PA/LA unless waived by the PA/LA.
- (f) **Interest/ coupon rate** : Fixed rate to be determined prior to each issuance.
- (g) **Interest / coupon payment frequency** : The coupon will be payable in arrears on a semi-annual basis or such other period as the Issuer and LM may agree subject to the rules issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”) as amended and/or substituted from time to time or its successors-in-title or successor in such capacity during the tenure of the MTN.
- (h) **Interest / coupon payment basis** : The coupon will be calculated based on the actual number of days elapsed over 365 days basis (actual/365 days) in accordance with the rules of MyClear.
- (i) **Security / collateral, where applicable** : None
- (j) **Details on utilisation of proceeds by issuer** : The net proceeds arising from the issuance of the MTN (after deduction of expenses incidental to the MTN Programme) shall be utilised for investments, capital expenditure, working capital requirements, refinancing of existing borrowings and/or general corporate purposes of the Issuer.
- (k) **Sinking fund and designated accounts, where applicable** : Not applicable
- (l) **Rating**
- (i) **Credit ratings assigned** : The MTN Programme will not be rated
- (ii) **Name of credit rating agencies** : Not applicable
- (m) **Mode of issue** : The MTN will be issued via direct/ private placement on best effort basis without prospectus.

The MTN will be issued in accordance with the:

- (i) Operational Procedures for Securities Services issued by MyClear dated 6 May 2011 (“**MyClear Procedures**”); and

- (ii) Participation and Operation Rules for Payment and Securities Services issued by MyClear 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. whether tradable or non-tradable)** : The MTN 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

- (i) Section 4(6) of the Companies Act 1965, as amended from time to time; and
- (ii) Schedule 6 or Section 229(1)(b) or Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 (“**CMSA**”) as amended from time to time.

Selling Restrictions thereafter

The MTN are non-transferable and non-tradable.

- (o) **Listing status and types of listing, where applicable** : The MTN will not be listed on Bursa Securities or any other stock exchange.
- (p) **Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained** : Not applicable
- (q) **Conditions precedent** : Conditions precedent typical and customary for transaction of this nature, to the satisfaction of the PA/LA shall include but not limited to the following:

(i) Main Documentation

Satisfactory completion and execution of all legal documentation, including but not limited to the Transaction Documents (as defined in item 2(v)(iv) below) and any other necessary documents and where applicable, stamped or endorsed as exempted from stamp duty 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, amongst others, the entry into, execution of, and delivery and

performance of their obligations under the Transaction Documents and the issuance of the MTN;

- (c) A list of the Issuer's authorised signatories and their respective specimen signatures; and
- (d) A satisfactory search results on the Issuer conducted at the Companies Commission of Malaysia and winding up search on the Issuer with the Directors General of Insolvency's office which reveals that no winding up order has been made against the Issuer.

(iii) General

- (a) The authorisation from the SC and, where applicable, approvals from all other relevant regulatory authorities for the MTN Programme have been obtained and all conditions of such approvals have been complied with;
- (b) Receipt of a satisfactory legal opinion from the Solicitor, addressed to the PA/LA, advising with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and written confirmation that all conditions precedent have been duly fulfilled or waived (where applicable);
- (c) Documentary evidence that the Trustee Reimbursement Account (as defined in item 2(v)(vii) below) has been established and the deposit of RM30,000 has been made;
- (d) All other required approvals and consents including consent from existing financiers (if applicable) and shareholders' approval (if applicable) for the MTN Programme have been obtained and all conditions of such approvals and consents have been complied with;
- (e) Evidence that all fees, costs and expenses in relation to establishing the MTN Programme have been paid in full, to the extent that the same are due and payable before the issuance of the MTN, or satisfactory arrangements for payment have been made;
- (f) Receipt of the results of the legal due diligence on the Issuer satisfactorily to the PA/LA;
- (g) Receipt of the legal due diligence opinion on the Issuer satisfactorily to the PA/LA; and
- (h) Such other conditions to be advised by the Solicitor and mutually agreed between the PA/LA and the Issuer.

(iv) Prior to each issuance of the MTN

- (a) Receipt of a certificate by the Issuer confirming that it is in compliance with all representations and warranties, covenants and no Event of Default has occurred and/or continue to subsist under the Transaction Documents;
- (b) Receipt of an issue request in the prescribed format to be agreed upon with the Issuer, in form and substance acceptable by the Facility Agent;
- (c) Receipt of redemption statements in form and substance satisfactory to the Facility Agent should the proceeds from the MTN issuance be utilised for the purpose of refinancing existing borrowings; and
- (d) Such other conditions to be advised by the Solicitor and/or requested by the PA/LA and mutually agreed between the Issuer and the PA/LA.

(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 established and validly existing under Malaysian law and has the power and authority to enter into and carry on the businesses in which it is engaged and has full beneficial ownership of all its assets;
- (b) The MTN, the Transaction Documents are or will be, when executed and/or issued, as the case may be, in full force and effect and constitutes or will constitute valid and binding obligations which are enforceable on or against the Issuer;
- (c) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents;
- (d) The Issuer's memorandum and articles of association incorporate provisions which authorise all necessary corporate and other relevant actions which are required to authorise it to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (e) All necessary actions, authorisations, approvals and consents required in connection with the issue and sale of the MTN by the Issuer or performance of the Issuer's obligations thereunder or under the Transaction Documents have been taken, fulfilled and obtained and remain in full force

and effect;

- (f) The Issuer's entry into, exercise of its rights under and performance of any of the transactions contemplated by the Transaction Documents do not and will not violate any existing law or any agreements, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which it or any of its assets are bound or which is applicable to it or any of its assets, or cause any limitation on it or the powers of its directors to be exceeded;
- (g) No Event of Default has occurred and is continuing
- (h) Save as disclosed to the PA/LA and in the information memorandum issued or to be issued in connection with the MTN Programme ("**Information Memorandum**"), the Issuer is in compliance with and will comply with all applicable laws and regulations;
- (i) No authorisation, approval, consent, licence, exemption, registration, recording, filing or notarisation of the Transaction Documents and no payment of any duty or tax and no other action whatsoever is necessary to ensure the legality, validity or enforceability of its liabilities and obligations or the rights of the Trustee under the Transaction Documents or the MTN or the rights of the MTN holders;
- (j) The Issuer has fully disclosed in writing to the Trustee and the PA/LA all facts relating to the Issuer which the Issuer knows or should reasonably know and which are material for disclosure to the Trustee and the PA/LA in the context of the Transaction Documents;
- (k) Save for such non-disclosure in the Issuer's audited financial statements prior to the financial year ended 2013 where exemptions were previously granted by the Companies Commission of Malaysia, the latest audited financial statements of the Issuer have been prepared on a basis consistently applied in accordance with generally accepted accounting principles and standards in Malaysia and is in full compliance with the requirements of applicable laws and present a true and fair view of the financial position of the Issuer as at such date;
- (l) Save as disclosed to the PA/LA and in the Information Memorandum, no litigation, arbitration or administrative proceeding or claim is current, is threatened, or is presently in progress or pending or threatened against

the Issuer or any of the Issuer's assets which if determined would have a Material Adverse Effect (as defined in item 2(v)(vi));

- (m) The Information Memorandum (i) does not contain any statements or information which are false or misleading or from which there is a material omission and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by the Issuer; (ii) contains all information that an investor would reasonably expect to find in an Information Memorandum; and (iii) does not contain any information which is inconsistent with the terms in the Transaction Documents.
- (n) 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 under the Transaction Documents;
- (o) 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;
- (p) 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;
- (q) No step has been taken nor has any winding up proceedings been commenced, instituted or threatened for the dissolution of the Issuer or for the appointment of a receiver, receiver and manager, liquidator, judicial manager or such similar officer over the Issuer;
- (r) The Issuer have filed all tax returns and paid taxes except those being contested in good faith; and
- (s) Such other representations and warranties as may be advised by the Solicitor and mutually agreed between the PA/LA and the Issuer.

(s) Events of Default

: Events of default typical and customary for 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 which shall include but not limited to the following:

- (a) The Issuer fails to pay any sum due under the MTN and/or the Transaction Documents on the due date or on written demand by the Trustee, if so payable;

- (b) Any representation or warranty made or implied under any provision of the Transaction Documents or any information, notice, opinion or certificate or other document delivered pursuant to the terms of the Transaction Documents proves to have been incorrect or misleading in the opinion of the Trustee on or as of the date on which the representation or warranty was made or was deemed made;
- (c) The Issuer fails to observe or perform or commits a breach of any of its obligations under any of the Transaction Documents or under any undertaking or arrangement entered into in connection therewith (other than the payment obligations referred to in paragraphs (a) above) which is not capable of remedy or if capable of remedy, the failure is not remedied within fifteen (15) business days after written notice of such failure has been given to the Issuer by the Trustee, or after the Issuer has become aware of such default, whichever is earlier;
- (d) Any event or events has or have occurred or a situation exists which gives reasonable grounds for the Trustee to believe that such event would have a Material Adverse Effect, and in the case of the occurrence of such event or situation which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy it within fifteen (15) business days of the event or situation;
- (e) Any consent or license or authorization or approval is revoked or withheld or invalidated or modified that impairs or prejudices the Issuer's ability to perform its obligations under the Transaction Documents;
- (f) 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;
- (g) All or any part of the assets, undertakings, rights or revenue of the Issuer or its subsidiaries are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body and such seizure, nationalisation, expropriation or compulsory acquisition would have a Material Adverse Effect on the Issuer;
- (h) The Issuer fails to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment or no application for a stay of execution has been

made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;

- (i) The Issuer or any of its subsidiaries, where applicable, enter into or propose to enter into, or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspensions of payments generally;
- (j) Any provision of the Transaction Documents is or becomes illegal, void, voidable or unenforceable;
- (k) (i) Any step is taken for the winding up, dissolution or liquidation of the Issuer or any of its subsidiaries and such step taken has not been reversed or resolved or otherwise remedied within thirty (30) days from the date of such action or (ii) a resolution is passed for the winding up of the Issuer or any of its subsidiaries or (iii) a petition for winding up is presented against the Issuer or any of its subsidiaries and has not been set aside or dismissed within thirty (30) days from the date of service of such winding up petition or (iv) a winding up order has been made against the Issuer or any of its subsidiaries;
- (l) A scheme of arrangement under section 176 of the Companies Act 1965 has been instituted against the Issuer or its subsidiaries, where applicable;
- (m) Encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer has been appointed over the whole or a substantial part of the assets of the Issuer or its subsidiaries, where applicable;
- (n) The Issuer or any of its subsidiaries, where applicable, changes or threaten to change the nature or scope of any part of its business or cease or threaten to cease to carry on all or a substantial part of its respective business;
- (o) The Issuer or any of its subsidiaries, where applicable, become insolvent or commits an act of insolvency or is unable to pay its debts as they fall due;
- (p) The Issuer or any of its subsidiaries, where applicable, stops, suspends or threatens to stop or suspend payment of all or any part of its debts and/or obligations generally, begins negotiations or takes any proceedings or other steps with a view of readjustment, rescheduling or deferral of all of its

indebtedness (or of any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors;

- (q) If any other debentures of or monies borrowed or any indebtedness by the Issuer or any of its subsidiaries, where applicable, becomes repayable by reason of default or any amount owing thereunder or in respect thereof is not repaid on its due date (or is not remedied within seven (7) days thereof or such other period as may be agreed by the holders of the MTN) or becomes due and payable prior to its stated maturity or if any guarantee or indemnity given by the Issuer, any of its subsidiaries, where applicable, is not honoured when due and called upon or if any security for any such obligations, debentures, monies borrowed, guarantee or indemnity becomes enforceable; and
- (r) Such other event of default as may be advised by the Solicitor and mutually agreed between the Issuer and the PA/LA.

On the occurrence of any of the events above, the Trustee may, at its sole and absolute discretion, or shall if directed to do so by a special resolution of the holders of the MTN, declare that an Event of Default has occurred and upon the declaration of an Event of Default:

- (i) all outstanding MTN together with all coupon/interest accrued but unpaid shall become immediately due and payable; and
- (ii) the Trustee shall enforce the rights accruing to it under the Transaction Documents.

(t) Covenants

: Such covenants as are customary for a transaction of this nature and required in order to comply with the Trust Deeds Guidelines including but not limited to the following:

(i) Positive covenants

- : (a) The Issuer will preserve and keep in full force and effect all consents, authorisations, licenses, approvals and permits (governmental or otherwise) and rights necessary for the conduct of its business;
- (b) 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;

- (c) The Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (d) The Issuer will at all times maintain a paying agent or its equivalent in Malaysia;
- (e) The Issuer will procure that the Paying Agent will notify the Trustee, through the Facility Agent, in the event that the Paying Agent does not receive payment from the Issuer on the relevant due dates as required under the Transaction Documents;
- (f) The Issuer will ensure that the terms in the Transaction Documents do not contain any matter which is inconsistent with the provisions of the Information Memorandum;
- (g) The Issuer shall maintain proper accounts, books and records in accordance with generally accepted accounting principles in Malaysia which are adequate to record and reflect its operations and financial condition and it will permit upon request by the Trustee or its agent and servants and any person appointed or authorised by it at all times to have access to and to inspect its books of accounts and records relating to its business at any office, branch or place of business of the Issuer and all records kept by any other persons to the extent permitted by law;
- (h) The Issuer will promptly pay all taxes and other government charges when due and before any penalty or interests accrue to them save for those taxes and/ or, charges and/ or penalties and/ or interests accrued on such taxes/ charges being contested in good faith by the Issuer, and by appropriate means and it is not required under the applicable law to pay such taxes pending determination of the matter and for which the Issuer has adequately set aside or reserved a sum of money therefore;
- (i) The Issuer will comply with all provisions and perform its obligations under the Transaction Documents;
- (j) The Issuer shall maintain and/or cause to be maintained such insurances with licensed insurance company or companies in respect of its respective assets and businesses against all risks which a prudent company carrying on a business similar to that of the Issuer would normally insure;

- (k) The Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or notes, circular, conditions or guidelines issued by the SC from time to time;
- (l) The Issuer shall maintain a Group Debt to Equity Ratio ("**Group D/E Ratio**") and Company Debt to Equity Ratio ("**Company Debt to Equity Ratio**") (collectively, "**D/E Ratio**") of no more than 1.70 times at all times, which shall be tested on an annual basis, where the first calculation date shall be the first full financial year from the date of the first issuance of the MTN. The D/E Ratio shall be computed by the Issuer and approved by the board of directors of the Issuer; and such computation shall be submitted to the Trustee on an annual basis.

"Group D/E Ratio" is defined as the ratio of:

- (i) the aggregate of the Issuer and its subsidiaries' ("**Group**") short-term and long-term debts (be it actual or contingent), excluding advances/loans from its shareholders; to
- (ii) the Group's shareholders' funds, which shall include the aggregate of share capital, any hybrid capital, reserves and retained earnings, calculated based on the Group's respective audited financial statements.

"Company D/E Ratio" is defined as the ratio of:

- (i) the aggregate of the Issuer's short-term and long-term debts (be it actual or contingent), excluding advances/loans from its shareholders; to
- (ii) the shareholders' funds of the Issuer, which shall include the aggregate of share capital, any hybrid capital, reserves and retained earnings, calculated based on the Issuer's audited financial statements; and

- (m) Such other positive covenants as may be advised by the Solicitor and mutually agreed between the Issuer and the PA/LA.

(ii) **Negative covenants**

- : Unless with the prior written consent of the Trustee:
 - (a) The Issuer will not surrender, transfer, assign, relinquish or otherwise dispose of any of its rights, interests, obligations and liabilities under any of the Transaction Documents;
 - (b) The Issuer shall not reduce or in any way alter (except by way of an increase) its authorised and issued paid-up capital;

- (c) The Issuer shall not consolidate or amalgamate or merge with or into, or transfer all or substantially all its assets to or acquire all or substantially all the assets (including shares and/or stocks of any class, partnership or joint venture interest) of another entity; where, for the avoidance of doubt, the Issuer will be deemed to have acquired substantially all of the ordinary shares of another entity if that entity becomes a subsidiary of the Issuer as a result of the acquisition;
- (d) The Issuer shall not change the utilisation of the proceeds of the MTN as set out in this principal terms and conditions, the Information Memorandum or the relevant Transaction Documents;
- (e) The Issuer shall not enter into a transaction, whether directly or indirectly with interested persons (including a director, major shareholders or chief executive) unless:
 - (i) such transaction is in the ordinary course of its business and 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 transactions involving an aggregate payment or value equal to or greater than Ringgit Malaysia Three Million (RM3,000,000.00), 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 (i), that the Issuer has received the certification referred to in paragraph (ii) (where applicable) and that the transaction has been approved by the majority of the board of directors or shareholders in a general meeting as the case may require;
- (f) The Issuer shall not carry out any acts in relation to its business and assets or transactions affecting the valuation of the Group as a whole which could have a Material Adverse Effect;
- (g) The Issuer shall not create or permit to create or to subsist any security interest over all or any part of the assets (be it present or future) belonging to itself unless the creation of such security interest shall also secure the payment and repayment of the secured amounts in

respect of the MTN on a pari passu basis;

- (h) The Issuer shall not obtain any loans or advances from its directors, related corporations and/or shareholders unless these loans and advances are subordinated to the MTN and shall ensure that all existing loans and advances from its directors, related corporations and/or shareholders are subordinated to the MTN;
- (i) The Issuer shall not pledge, transfer or dispose any assets where such pledge, transfer or disposal would have a Material Adverse Effect;
- (j) The Issuer shall not enter into dissolution or winding up of itself;
- (k) The Issuer shall not extend any loans or advances to its shareholders, directors or related companies;
- (l) The Issuer will not add to, supplement, vary or amend its Memorandum & Articles of Association in a manner inconsistent with the provisions of the Transaction Documents or which may be materially prejudicial to the interests of the holders of the MTN; and
- (m) Such other negative covenants as may be advised by the Solicitor and mutually agreed between the Issuer and the PA/LA.

(iii) Information covenants

- : (a) The Issuer shall without any prior demand deliver to the Trustee the following:
- (i) Semi-annual unaudited financial statements within ninety (90) days from the end of each half year;
 - (ii) Year-end audited financial statements within one hundred and eighty (180) days from its financial year end;
 - (iii) Promptly and in any event no later than five (5) business days, after receipt of such request from the Trustee, any other information as may from time to time be requested by the Trustee in order to discharge its duties and obligations as Trustee to the holders of the MTN under the Trust Deed to the extent permitted by law;
 - (iv) Promptly, any notices, circulars and other documents dispatched by the Issuer to its shareholders; and

- (v) On an annual basis, a certificate confirming that the Issuer has complied with all its obligations under the Transaction Documents and the terms and conditions of the MTN and that there did not exist or had not existed, from the date the MTN were issued or date of the previous certificate as the case may be, any Event of Default, 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 Event of Default;
 - (ii) Any circumstances that have occurred that would materially prejudice the Issuer and any other matter that may materially prejudice the interests of the holders of the MTN;
 - (iii) Any claims against it which adversely affect the ability of the Issuer to perform its obligations under the Transaction Documents and shall promptly 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 MTN as set out in this principal terms and conditions, the Information Memorandum or the relevant Transaction Documents;
 - (vi) Any substantial change in the nature of the business of the Issuer;
 - (vii) Any material change in the directorship, management and shareholder of the Issuer;
 - (viii) The occurrence of any event that has caused or could cause, one or more of the following:
 - (aa) any amount secured or payable under the MTN to become immediately payable;
 - (bb) the MTN to become immediately enforceable; or

(cc) any other right or remedy under the terms, provisions or covenants of the MTN or the trust deed to become immediately enforceable; and

(ix) Any other matter that may materially prejudice the interests of the holders of the MTN or would have a Material Adverse Effect.

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

(i) Early Redemption : The Issuer may not early redeem the outstanding MTN prior to its maturity unless approved by the holders of the MTN by way of a special resolution. Unless redeemed earlier by the Issuer, the Issuer shall redeem the MTN at its respective nominal value on its respective maturity date. The MTN redeemed by the Issuer shall be cancelled and may not be reissued or resold.

(ii) Buy-back and Cancellation : The MTN shall not be transferable nor tradable in the secondary market. As such, the Issuer, its subsidiaries or its agent may not purchase the MTN in the open market or by private treaty.

(v) Other principal terms and conditions for the Proposal

(i) Status of the MTN : The MTN shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank pari-passu without preference or priority among themselves and will rank pari passu to all other present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law and the Transaction Documents).

(ii) Form and Denomination : Form

Each series of the MTN shall be represented by a Global Certificate to be deposited with BNM and shall be in bearer form and may be exchanged for definitive bearer form only in certain limited circumstances.

The MTN shall be prescribed and be reported under the rules of MyClear and shall comply with all rules and requirements set out by MyClear.

Denomination

The MTN shall be issued in denomination and multiples of RM100,000 if issued through the rules of MyClear or such other denominations and multiples as shall be agreed upon between the PA/LA and the Issuer, subject to the rules of MyClear.

- (iii) **Taxes** : All payments in respect of the MTN will be made by the Issuer after deducting or withholding any amount for or on account of any present or future taxes or duties of whatsoever nature imposed or levied by the Government of Malaysia or any authority thereof or therein having power to tax and which are required by law to be deducted or withheld unless such withholding or deduction is required by law, in which event the Issuer shall not be required to pay any additional amount in respect of any such deduction or withholding or payment of principal or coupon for or on account of any such taxes and duties.
- (iv) **Transaction Documents** : The terms and conditions of the MTN shall be set out in various agreements in form and substance acceptable to the PA/LA, Trustee and the Issuer and as deemed necessary by the Solicitors, which would include, inter alia:-
 (i) Trust Deed; and
 (ii) Programme Agreement.
- (v) **Trust Deed** : The MTN shall be constituted by a trust deed, which shall be administered by the Trustee acting on behalf of the holders of the MTN. The trust deed shall be in compliance with the Trust Deeds Guidelines issued by the SC.
- (vi) **Material Adverse Effect** : In relation to an event or circumstance, the occurrence or effect of which (in the opinion of the Trustee) may have a material adverse effect on: -
 (a) the financial position, business and/or operations of the Issuer, or
 (b) the ability of the Issuer to perform any of its obligations under any provision of the Transaction Documents, or
 (c) the legality, validity, binding effect or enforceability of the MTN or the Transaction Documents; or
 (d) the rights and interests of or remedies available to the Trustee and/or the holders of the MTN under any provision of the Transaction Documents.
- (vii) **Trustee Reimbursement Account** : The Issuer shall open and maintain an account designated as "Trustee Reimbursement Account for Debenture holders' Actions" (as required under the SC's Trust Deeds Guidelines in which a sum of RM30,000.00 is to be deposited ("**Trustee Reimbursement Account**"). The Trustee Reimbursement Account shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of any Events of Default which are provided in the Trust Deed. The sum of RM30,000.00 in the Trustee Reimbursement

(viii) **Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.

(ix) **Governing Laws** : Laws of Malaysia.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 3.0 SELLING RESTRICTIONS

The MTN 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

- (i) Section 4(6) of the Companies Act; and
- (ii) Schedule 6 or Section 229(1)(b) or Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA.

Selling Restrictions thereafter

The MTN are non-transferable and non-tradable.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 4.0 INVESTMENT CONSIDERATIONS

Prospective investors of the MTN should consider carefully all information set out in this Information Memorandum and, in particular, the following risks involved. The following is a summary of risk factors associated with an investment in the MTN. This Section does not purport to be comprehensive or exhaustive and is not intended to substitute or replace an independent assessment of the risk factors that may be associated with an investment in the MTN. Each investor should carefully conduct his or her independent evaluation of such risks. Investors should also note that each issuance under the MTN Programme will carry different risks and all potential investors are strongly encouraged to evaluate each issuance of the MTN under the MTN Programme on its own merit and to make a careful and informed assessment before proceeding with any decision to invest in the MTN.

4.1 Risks relating to the Issuer's business

4.1.1 Reliance on good relationships with customers and suppliers

Good relationship with customers underpins the sustainability and success of the Issuer as satisfied customers tend to make recurring transactions with the Issuer. Further, the Issuer relies on good relationship with suppliers for the supply of their raw materials, packaging and consumables.

There can be no assurance that the Issuer is able to build and maintain good relationships with its customers and suppliers in the future. Any deterioration in the relationship with the customers and suppliers may have an adverse effect on the Issuer's business, operation and financial position results. Further the Issuer's industry also depends on tourist sales and there can be no assurance that tourist arrivals to Malaysia will be consistent.

4.1.2 Tin prices

Tin is a major component in the Issuer's cost of sales hence the profit margin will be susceptible to the volatility of the tin's prices. The Issuer would hedge against tin price volatility by entering into forward contracts for up to 50% of its tin requirement. At the same time, the Issuer is constantly innovating its product offerings by including mixed media so that it is not so vulnerable to the volatility of the tin prices and remains relevant to market requirements.

However, there can be no assurance that the prices of tin will not increase in the future and that the Issuer will have sufficient supply for its business.

4.1.3 Competition Risks

The Group operates in a competitive and fragmented giftware market. It faces direct competition from giftware peers and indirectly from other gift retailers. The Group aims to cater to varied requirements of the market via its diversified range of products. Seasonal collections and collaborations with renowned designers add appeal to the Group's products while keeping it relevant in the competitive retail market. There can be no assurance that customers will purchase the Group's products instead of the Group's competitors.

4.1.4 Insurance coverage

The Issuer has purchased insurance policies on its business to cover potential losses arising from, amongst others, incidents of fire and theft. Despite that, there is no assurance that the insurance cover is sufficient to offset the potential financial losses which may be suffered by the Issuer arising from such events.

4.1.5 Economic, market and political factors that are outside the Issuer's control

The Issuer's industry in general is affected by adverse developments in political, economic and regulatory conditions in Malaysia and there is no assurance that any such developments may not have an adverse effect on the financial prospects of the Group. Political and economic uncertainties include but are not limited to, changes in labour laws, availability of labour, a switch in political leadership and/or changes in the government's policies on methods of taxation and licensing regulations.

In addition, the Issuer and third parties upon whom the Issuer depends on expect to be or continue to be subject to extensive safety, health and environmental laws and regulations and various immigration, labour and workplace related laws and regulations. The scope and extent of any new safety, health and environmental laws and regulations, including their effect on the Group's operations, cannot be predicted.

The above factors affect all players in the industry and are generally beyond the Issuer's control.

However, the Group is confident that its experienced management team and proven ability to respond and adapt to the ever-changing economic and regulatory environment, will put the Group in good stead to alleviate any difficulties arising from the changes in the political, economic and regulatory circumstances should they arise in the future. Notwithstanding the above, there can be no assurance that these changes will not materially affect the Group.

4.1.6 Licenses, registration and other regulatory requirements

The Issuer is currently licensed by the Ministry of International Trade and Industry of Malaysia ("MITI") as a licensed manufacturer of articles of pewter, costume jewellery, trophies, souvenirs etc. To ensure that the Issuer may continue to manufacture such products, the Issuer will ensure that it complies with all requirements and conditions imposed. However, there is no assurance that MITI will not impose further conditions which the Issuer may not be able to comply with.

4.1.7 Dependence on Directors and Key Management

The Issuer's continuing success will depend to a large extent upon the abilities and continuing efforts of its existing board of directors and its key management. The Issuer's day to day operations are in the hands of third and fourth generation family members as well as professional managers. While the family's hands-on management style has through the years supported the Group's business, fallouts between family members are common in family-run businesses. The loss of any of these members and key management personnel may affect the Issuer's ability to maintain its business performance.

The Issuer has taken steps to reduce its loss of key management personnel by the continuous effort to develop succession plans for its key management personnel as well as by putting a structured organisation structure and operations management systems in place.

4.2 Risk relating to the MTN

4.2.1 The Issuer's ability to meet payment obligations under the Notes

The Issuer currently expects that its cash flow from its business operations will be sufficient for it to service and repay all its financial obligations (including the MTN) as and when they fall due. However, there is no assurance that the cash flow generated by the Issuer's operations will always be sufficient to meet all its financial obligations. The MTN do not represent the obligations (and the MTN holders will have no recourse to) of any party other than the Issuer. In particular, the MTN will not be the obligations or responsibilities of, or guaranteed by the Lead Arranger/Lead Manager or any subsidiary or affiliate thereof, or any other person involved or interested in the transaction envisaged under the MTN Programme. None of such persons will accept any liability whatsoever under the MTN in respect of any failure by the Issuer to pay any amount due thereunder.

4.2.2 No secondary market for the MTN

The MTN comprise a new issue of securities for which there is currently no established secondary market. As the MTN is non-transferable and non-tradable in the secondary market, no secondary market will develop and investors will not be able to sell the MTN in the secondary market. As such, no formal trading price for the MTN will develop and investors shall have to hold their investments until redemption at maturity or early redemption by way of a special resolution by the Issuer.

4.2.3 An investment in the MTN is subject to inflation risk

MTN holders may suffer erosion on the return of their investments due to inflation. MTN holders would have an anticipated rate of return based on expected inflation rates on the purchase of the MTN. An unexpected increase in inflation could reduce the actual return to the MTN holders.

4.2.4 Suitability of investments

The MTN may not be a suitable investment for all investors. Each potential investor in the MTN must determine the suitability of that investment in light of its own circumstances. In particular, no credit rating has been assigned to the MTN and each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the MTN, the merits and risks of investing in the MTN and the information contained in this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the MTN and the impact the MTN will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the MTN, including where the currency of payment is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the MTN and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

4.2.5 Each issue carries different risks

The purchase of the MTN may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the mitigating factors of an investment in the MTN. Each issuance of the MTN will carry different risks and all potential investors are strongly encouraged to evaluate the MTN on its own merit before making an investment decision.

4.2.6 Change in Law

The issuance of the MTN is based on Malaysian law, tax and administrative practices in force at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. There is no assurance that our Malaysian law, tax or administrative practices will not change after the issuance date of the MTN or that such change will not adversely impact the structure of the transaction and the treatment of the MTN.

4.3 Forward looking statements

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of the management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which it will operate in the future. Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the Issuer and the industry, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward looking statement in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or its advisers that such plans and objectives will be achieved.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 5.0 BACKGROUND INFORMATION ON THE ISSUER

5.1 Corporate history and principal activities

The Issuer was incorporated in Malaysia under the Companies Act on 1 October 1969 as a private limited company under the name of Selangor Pewter Company Sendirian Berhad. The Issuer received a royal warrant from the Sultan of Selangor in 1979 and changed its name to Royal Selangor International Sdn Bhd on 8 June 1992.

The principal activities of the Issuer consist of manufacturing and marketing of pewter articles. The Issuer has 2 wholly-owned subsidiaries namely Royal Selangor Marketing Sdn Bhd which undertakes the sales and marketing of Royal Selangor pewterware in Malaysia and Selberan Jewellery Sdn Bhd which manufactures and markets diamond jewellery. The Group's finely crafted items are retailed in 22 domestic retail outlets and 2 visitor centres domestically. The Issuer's products are also made available through its distributors and concessions in major cities such as Singapore, Hong Kong, London, Tokyo, Toronto, Melbourne, Taipei, Hanoi, Jakarta, Kuwait City and Shanghai.

5.2 Share capital

The authorised and issued and paid-up share capital as at 15 January 2015 are as follows:

(a) Authorised share capital

Type of shares	No. of shares	Nominal Value (RM)	Total (RM)
Ordinary	70,000,000	1.00	70,000,000.00

(b) Issued and paid-up share capital

Type of shares	No of shares	Par Value (RM)	Total (RM)
Ordinary	16,000,000	1.00	16,000,000.00

5.3 Shareholding structure

Based on the register of substantial shareholders of the Issuer as at 15 January 2015, the structure of shareholdings and names of the substantial shareholders of the Issuer are as follows:

Name	No. of shares (ordinary shares)			
	Direct	%	Indirect	%
Kai Holdings Sendirian Berhad ¹	7,110,820	44.44	-	-
Tan Sri Yong Poh Kon ²	2,222,295	13.89	16,000,000	100
Yong Poh Shin ²	2,222,295	13.89	16,000,000	100
Yong Mun Ha ²	2,222,295	13.89	16,000,000	100
Datin Paduka Yong Mun Kuen ²	2,222,295	13.89	16,000,000	100

Notes:

¹ *Kai Holdings Sendirian Berhad is held equally by Tan Sri Yong Poh Kon, Yong Poh Shin, Yong Mun Ha and Datin Paduka Yong Mun Kuen.*

² *On 11 May 2000, Tan Sri Yong Poh Kon, Yong Poh Shin, Yong Mun Ha and Datin Paduka Yong Mun Kuen executed a trust deed declaring that the shares held by them were held in trust for Kai Holdings Sendirian Berhad. Indirect interest of the shareholders is through their respective shareholdings in Kai Holdings Sendirian Berhad.*

5.4 Profiles of board of directors of the Issuer

As at 15 January 2015, the profiles of the board of directors of the Issuer are as follows:

TAN SRI YONG POH KON **Managing Director**

Tan Sri Yong Poh Kon, a Malaysian, age 70, is Managing Director of the Issuer.

He graduated from the University of Adelaide with First Class Honours in Mechanical Engineering in 1968.

For over three decades, Tan Sri Yong Poh Kon has been associated closely with the Federation of Malaysian Manufacturers, and is currently its Immediate Past President.

Tan Sri Yong Poh Kon has served as a Board member of BNM and was a founding Commissioner of the Malaysian Communications and Multimedia Commission.

In 2007, he was appointed by the Prime Minister to be the Co-Chair, together with the Chief Secretary of Malaysia, of the Special Task Force to Facilitate Business of which he retired his role on 1 September 2013.

In February 2009 he was appointed as a member of the Advisory Board of the Malaysian Anti-Corruption Commission.

In 2013 he was appointed as a member of the Economic Council in the Prime Minister's Office. He is also on the Board of the Employees Provident Fund and the Malaysian Investment Development Authority.

Tan Sri Yong Poh Kon also sits on the Board of Nestle (M) Bhd, RAM Holdings Bhd and TAHPS Group Bhd.

DATIN PADUKA YONG MUN KUEN **Director**

Datin Paduka Yong Mun Kuen, a Malaysian, age 72, is a Director of the Issuer and the Group, including Royal Selangor Marketing Sdn Bhd.

She plays an active role in the Corporate Sales Division of the Issuer, and takes charge of exclusive customer orders and designs.

She personally attends to members of Royalty, visiting dignitaries from overseas when they visit the Visitor Centre.

She has been conferred the award "Dato' – Sultan Salahuddin Abdul Aziz Shah" by the Sultan of Selangor. The award carries the title of Datin Paduka.

YONG YOON LI
Executive Director

Yong Yoon Li, a Malaysian, age 44, is currently an Executive Director of the Issuer. He ensures that the Group continues to design and produce beautiful and relevant products to today's discerning consumers.

His experience prior to joining the Issuer is in the automotive field as a design engineer in Formula One with Team Lotus International and Nissan Motorsports (both companies based in the United Kingdom). On his return, he helped start up TVR Sports Malaysia Sdn Bhd, a boutique sports car manufacturer based in Port Klang.

He has held various positions on the board of the Malaysian chapter of the Young Entrepreneurs' Organisation and currently sits on the international board of the said organisation.

Yong Yoon Li is a graduate of the Manufacturing Engineering School at the University of Birmingham, United Kingdom with a Masters in Engineering. He also holds a MBA from IMD, Lausanne Switzerland.

CHEN TIEN YUE
Executive Director

Chen Tien Yue, a Malaysian, age 37, joined the Issuer in 2004 as the Manager of Planning and Logistics.

He has then moved on to the position of Corporate Sales Manager for two years.

In his current capacity as Executive Director of the Issuer, Chen Tien Yue is responsible for all sales channels in Malaysia (retail, corporate, wholesale) as well as certain export markets such as Australia, Singapore, China, Hong Kong, Japan, Middle East and Indonesia.

Prior to joining the Issuer, he was a consultant at the Southeast Asian office of strategy consultants McKinsey & Co.

Chen Tien Yue holds a degree in Engineering, Economics and Management from Oxford University, United Kingdom.

WONG CHIN YOON
Director

Wong Chin Yoon, a Canadian, age 53, is the President for Royal Selangor Inc, Canada, The Seagull Company Inc. and Royal Selangor USA Inc and was made a director of the Issuer in 2002.

He holds a Bachelor of Arts (Economics) & Honours Bachelor of Business Administration from Wilfrid Laurier University.

PETER JOHN COLEMAN
Director

Peter John Coleman, a Briton, age 63, joined Royal Selangor Pewter (UK) Ltd in 1996, as the general manager and was then appointed as the managing director of Royal Selangor Pewter (UK) Ltd in 2002.

He was also made a director of the Issuer in 2002. Prior to joining the Group he was a main board director of Churchill China plc with overall responsibility for their fine bone china division.

He was formerly the vice chairman of the British Ceramic Gifts and Tableware Manufacturer's Association and the executive member, British Ceramic Manufacturer's Federation.

5.5 Board of directors' shareholding in the Issuer

The board of directors' shareholdings in the Issuer as at 15 January 2015 are as follows:

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Tan Sri Yong Poh Kon	*2,222,295	13.89	**16,000,000	100
Datin Paduka Yong Mun Kuen	*2,222,295	13.89	**16,000,000	100
Yong Yoon Li	-	-	-	-
Chen Tien Yue	-	-	-	-
Wong Chin Yoon	-	-	-	-
Peter John Coleman	-	-	-	-

Notes:

* *held on trust by the Director for the holding company, Kai Holdings Sdn Bhd, a company incorporated in Malaysia.*

** *deemed interest via Kai Holdings Sdn Bhd.*

5.6 Key Management of the Issuer

As at 15 January 2015, the key management of the Issuer are as follows:

CARSON TAN **Manufacturing Operations Manager**

Carson Tan, a Malaysian, age 37, joined the Issuer in October 2012 as Operations Manager. He is now the Manufacturing Operations Manager taking charge of production, planning, engineering services and quality control of the Issuer.

He has more than 10 years of working experience in a manufacturing environment. Prior to joining the Issuer he was the Manager, Production & Plant Engineering with APM Plastics Sdn Bhd.

He holds a MSc in Polymer-Wood Based Engineering from University Putra Malaysia.

JOSEPH ARUL RAJ **Head of Corporate Services**

Joseph Arul Raj, a Malaysian, age 55, joined the Issuer in March 1997 as Credit Manager. He is currently the Head of Corporate Services. He is responsible for running the Legal, Compliance Department as well as Human Resources and Information Technology.

Prior to joining the Issuer he was the Senior Manager in Asia PR Group and Manager in a financial institution and bank.

He holds a Degree in Business Administration from Northern Virginia Community College/George Mason University, United States. He also holds a Master in Business Law from Irish International University.

JOANNE LEONG
Head of Group Marketing

Joanne Leong, a New Zealander, age 36, joined the Issuer from L'Oréal Malaysia in July 2013. She has more than 10 years experience in brand management in the luxury industry. Joanne currently heads the Group Marketing department.

She graduated from Auckland University with a Bachelor of Commerce Double Major.

NG YONG KHENG
Group Financial Controller

Ng Yong Kheng, a Malaysian, age 47, joined the Issuer in May 2009 as Financial Controller and was promoted to Group Financial Controller in January 2012. He heads the Finance Department.

Yong Kheng has vast experience working in both private and public companies like MTD Capital Bhd and Hoe Pharma Holdings Sdn Bhd for about 15 years in a senior position of Group Accountant/Finance Manager. Prior to that he was an audit senior with a medium size audit firm.

Yong Kheng is a fellow member of the Association of Chartered Certified Accountants.

JOSEPH TAN
Head of International Sales

Joseph Tan, a Malaysian, age 54, joined the Issuer in February 1990 as Assistant Manager, Purchasing / Internal Audit. He was transferred to Marketing Services in April 1992. He now heads the International Marketing Department.

He graduated from TAR College with a Diploma in Commerce and is a fellow member of ICMA.

CELESTE NG
Head of Sales, Malaysia

Celeste Ng, a Malaysian, age 33, joined the Issuer in January 2014 and she is in charge of domestic retail and corporate sales. She has many years of experience in retail and she was with Mothercare Malaysia prior to joining the Issuer.

She graduated from TAR College with an advanced diploma in Financial Accounting.

5.7 Subsidiaries of the Issuer

As at 15 January 2015, the subsidiaries of the Issuer are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest (%)
Royal Selangor Marketing	Malaysia	Marketing of pewter	100

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest (%)
Sdn Bhd		articles, tradewares and jewellery	
Selberan Jewellery Sdn Bhd	Malaysia	Manufacturing and sale of jewellery	100

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 6.0 OVERVIEW OF THE ISSUER'S BUSINESS

6.1 Overview

The Issuer which manufactures the Group's pewterware, has 2 wholly-owned subsidiaries namely Royal Selangor Marketing Sdn Bhd which undertakes the sales and marketing of Royal Selangor pewterware in Malaysia and Selberan Jewellery Sdn Bhd which manufactures and markets diamond jewellery. The Group's finely crafted items are retailed in 22 domestic retail outlets and 2 visitor centres domestically. The Issuer's products are also made available through its distributors and concessions in major cities such as Singapore, Hong Kong, London, Tokyo, Toronto, Melbourne, Taipei, Hanoi, Jakarta, Kuwait City and Shanghai. With over 250 skilled craftspeople and a 40-strong in-house design team, the Issuer has expanded the uses of pewter, exploring its many possibilities from children's gifts and wine accessories to personal accessories such as cufflinks and flashdrives. The Group is a diversified enterprise, complementing its pewter brand are two luxury names – fine jewellery brand, Selberan and 350-year-old sterling silver brand, Comyns.

6.2 Business strategy and future plans

The Group's 22 domestic outlets and 2 visitor centres in Malaysia are located at major shopping malls, tourist spots, business centres and airports, increasing its brand visibility and market reach. It is continuously in search of opportunities to expand into new areas locally. The Group constantly expands its overseas sales by working closely with its distributors and concessions in order to tap into the opportunities available in these overseas market.

6.3 Competitive Strengths

With a long history and established brand name, Royal Selangor differentiates itself through its excellent craftsmanship and range of exquisite giftware. The various industry awards it has won and prestigious commissions it has secured over the years underline the Group's fine offerings. Its brand equity is expected to continue to give Royal Selangor a competitive edge in the giftware industry.

6.4 Risk Management

The family and the management team adopt a hands on management style has through the years supported the Group's business. The Group seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing their risks.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 7.0 INDUSTRY OVERVIEW

7.1 Overview of the Malaysian economy

The Malaysian economy is on a stronger growth trajectory in 2014, supported by resilient domestic demand and improved export performance following the global recovery. Domestic economic activity strengthened, supported mainly by vibrant private investment and steady consumption spending. During the first half of 2014, Malaysia benefited from the pickup in advanced economies, particularly the US and UK, and improvements in the euro area. The steady growth of the Asian economies including China, India and major countries of the Association of Southeast Asian Nations (ASEAN) boosted intra-regional trade, which led to the better performance of Malaysian exports. In addition, the upswing in global electronic demand amid declining inventory contributed to the better performance of the external sector.

The encouraging performance indicates that Malaysia is on track towards achieving a high-income and developed nation by 2020. The ongoing implementation of programmes and projects under the Tenth Malaysia Plan (10MP) together with the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) has resulted in significant economic gains benefiting the rakyat. The Government remains committed to implementing measures to transform and restructure the economy, to ensure sustainability in the long run. In addition, accommodative monetary and fiscal policies will continue to support growth while ensuring the well-being of the rakyat amid the rising cost of living. Given the strong performance in the first half of the year, GDP is expected to register a higher growth between 5.5% and 6% in 2014 (2013: 4.7%). The economy continues to be supported by strong macroeconomic fundamentals such as high savings and foreign reserves, manageable inflation, stable labour market conditions and a sound financial system.

The 2014 Budget is aimed at ensuring the economy sustains its strong growth momentum; strengthening public finances; enhancing human capital; intensifying urban and rural development; and promoting well-being of the rakyat. A total of RM262.2 billion is provided for the various strategies, programmes and projects. Among the major focus areas include invigorating economic activity with emphasis on the services sector, regional growth corridors and the development of small and medium enterprises (SMEs); further fiscal consolidation to ensure the sustainability of public finances; and greater efforts to enhance well-being of the rakyat. With regard to fiscal operations, the set-up of the Fiscal Policy Committee (FPC) in 2013 has provided a platform to drive comprehensive fiscal reforms to rein in the deficit as well as manage the debt level without jeopardising growth momentum.

Economy remains on steady growth trajectory

The economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity. Growth will be private-led in line with the Government's efforts to strengthen the private sector's role in the economy. On the supply side, all economic sectors are expected to record positive growth in 2015, with the services and manufacturing sectors remaining the major contributors to growth. Sustained growth in domestic demand, albeit at a moderate pace, is expected to contribute to the expansion in domestic-related activities. Meanwhile, the export-oriented industries, particularly the E&E subsector will benefit from the improvement in external conditions in line with improving global growth. The agriculture sector is expected to expand on account of higher output of palm oil while the construction sector is expected to record higher growth driven by robust activity in the civil engineering and residential subsectors. Hence, the economy is projected to grow 5% - 6% in 2015.

Although the global economy is expected to sustain moderate recovery in 2015, there remain some downside risks such as: escalation of geopolitical tensions in Eastern

Europe and the Middle East which could cause oil prices to rise and weigh on global growth; slower growth in emerging economies; and uncertainty over global interest rate normalisation and policy adjustments in the advanced economies which could trigger large capital outflows from emerging markets. In the euro area, some economies remain constrained by fiscal and structural issues which could affect the pace of recovery in Europe.

In 2015, inflation is expected to increase 4% - 5%, largely due to the implementation of Goods and Services Tax (GST) and spillover effect of fuel subsidy reduction in October 2014. Given the subdued external cost pressure, domestic cost remains the major factor that drives inflation in 2015. The implementation of the GST will have a transitory impact on the cost of goods and services. However, the strong capacity expansion over the past years will help to mitigate the cost pressures, while a more cautious stance of consumers would also contribute to moderating demand and hence prevent inflation from becoming more entrenched.

Domestic demand is envisaged to expand, albeit at a moderate pace, underpinned by higher investment and sustained consumption spending. Private investment is expected to remain strong supported by increasing domestic activity and a favourable external sector. Private consumption is, however, expected to moderate below its long-term average, but will continue to support growth. Household spending is expected to moderate amid higher inflation following the implementation of GST. Nevertheless, the impact of higher inflation on consumption is expected to be temporary and will eventually taper off after a few months of the GST implementation. In addition, higher export earnings are expected to boost business earnings and household income and hence mitigate the impact of higher inflation on domestic demand. Consequently, nominal GNI per capita is expected to increase 8.1% to RM37,486 (2014: 8.9%; RM34,682). Income per capita in PPP terms is expected to increase 2.4% to USD23,512 (2014: 2.2%; USD22,958).

(Source: Economic Report 2014/2015, Ministry of Finance)

7.2 Industry outlook on the business of the Issuer

Growth led by services sector

The services sector expanded 6.1% during the third quarter of 2014 (Q2 2014: 6.2%). Growth mainly emanated from the sustained performance of wholesale and retail trade, while the rest of the services subsectors continued to expand, albeit with a mixed performance. The final services group, which leads growth, increased at a moderate pace of 6.8% (Q2 2014: 7.1%) mainly supported by wholesale and retail trade. Meanwhile, the intermediate services group grew more strongly by 5.4% (Q2 2014: 4.7%) boosted by the communication as well as real estate and business services subsectors.

The wholesale and retail trade subsector grew 8.2% (Q2 2014: 9.2%), supported by the wholesale, retail and motor vehicle segments. Within the subsector, the retail segment recorded the highest growth at 9.4% (Q2 2014: 9.9%) due to strong sales at departmental stores and supermarkets. The wholesale trade segment grew 7.9% (Q2 2014: 8.4%) supported by wholesale of non-agricultural products which include home appliances, textiles and clothing. The motor vehicle segment rose 4.9% (Q2 2014: 9.2%) as buyers held back purchasing in anticipation of new car model launches and Budget 2015 announcement. Meanwhile, the accommodation and restaurant subsector grew 5.1% (Q2 2014: 5.6%) owing to slower restaurant dining at 6.3% (Q2 2014: 4.6%) and lower performance in the accommodation segment at 1.8% (Q2 2014: 3.3%) particularly in the Klang Valley, Sabah and Johor.

Continued expansion of manufacturing sector

Value-added of the manufacturing sector moderated to 5.3% during the third quarter of 2014 (Q2 2014: 7.3%) amid slower output of both export-oriented and domestic-oriented industries. Manufacturing output grew 5.1% (Q2 2014: 7.4%) with most subsectors recording positive growth. Sales of manufacturing products expanded 3.5% to RM166 billion during the period (Q2 2014: 5.7%; RM159.7 billion). The capacity utilisation rate of the sector was slightly lower at 76.2% (Q2 2014: 80.4%), in line with the moderation in manufacturing activity.

Output of export-oriented industries expanded 4.3% (Q2 2014: 5.4%) amid slower external demand especially from China. The E&E subsector, which is sensitive to external demand, grew 10% (Q2 2014:13.9%). This was reflected by moderating global semiconductor sales and the book-to-bill ratio. The subsector was mainly supported by the manufacture of printed circuit boards and consumer electronics which increased 40.9% and 49.8%, respectively (Q2 2014: 59.8%; 1%). Output of wood products increased at a stronger pace of 10.6% (Q2 2014: 9.1 %) attributed by higher demand for sawmilling and planing of wood (43.8%) and manufacture of builders' carpentry (45.2%). Production of textiles, wearing apparel, leather products and footwear as well as off-estate processing and paper products grew further by 14.4%, 4.3% and 2.1%, respectively (Q2 2014:15.2%; 12.2%; 3%). Meanwhile, chemicals and chemical products rebounded by 7.2% (Q2 2014: -2.1 %) on account of higher output from manufacture of fertilisers (87.9%), perfumes and toilet preparations (45.9%) as well as liquefied or compressed inorganic industrial or medical gases (11.7%). However, manufacture of refined petroleum and rubber products contracted during the quarter due to moderating external demand.

Production of domestic-oriented industries increased 7.5% (Q2 2014: 13%) with all subsectors recording positive growth. Production of beverage and food grew 15.7% and 5.3%, respectively (Q2 2014: 26.3%; 15.1%), on account of higher consumption during the Hari Raya celebration. The transport equipment subsector moderated to 11.6% (Q2 2014: 29.8%) weighed down by the contraction in manufacture of motor vehicles as well as parts and accessories of motor vehicles at 2% and 2.3%, respectively (Q2 2014: 24.9%; 18.1%). However, the subsector was supported by building of ships and boats (41.4%), manufacture of motorcycles (13.9%) as well as repair and maintenance of transport equipment (45.9%). Meanwhile, the construction-related subsector increased 5.7% (Q2 2014: 4.6%) in line with robust construction activity. This saw the production of non-metallic mineral, fabricated and basic metals increasing 9.1%, 3.2% and 4.8%, respectively (Q2 2014: 7.6%; 0.9%; 5.6%). Output of other manufactured products grew 4.2% (Q2 2014: 0.7%) on account of higher manufacture of optical instruments and equipment (4.1%) as well as photographic equipment (33.1%).

(Source: Malaysian Economy Third Quarter 2014, Ministry of Finance)

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

SECTION 8.0 OTHER INFORMATION

8.1 Material litigation

As at 15 January 2015, the Issuer is not engaged in any litigation or arbitration, either as plaintiff or defendant which has material effect on the financial position of the Issuer and the board of directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which materially and adversely affect the position or business of the Issuer.

8.2 Material contracts outside the ordinary course of business

As at 15 January 2015, there was no material contract entered into outside the ordinary course of business by the Issuer within the last 2 years.

8.3 Related party transactions

In respect of the related party transactions, please refer to Note 20 of the audited financial statements of the Issuer for the FYE 30 June 2014 attached herein.

8.4 Contingent liabilities and capital commitments

As at 15 January 2015, the board of directors of the Issuer is not aware of any capital commitment and contingent liabilities incurred or known to be incurred by the Issuer, save as those disclosed in Note 21 & 22 of the Issuer's audited financial statements of the Issuer for the FYE 30 June 2014.

8.5 Potential Conflict of Interests and appropriate mitigating measures

(a) In relation to HLIB

As at the date hereof and after making enquiries as were reasonable in the circumstances, HLIB as the Principal Adviser, the Lead Arranger and the Lead Manager confirms that, to the best of its knowledge and belief, it is not aware of any circumstances that would give rise to a conflict of interest or potential conflict of interest situation in its capacity as the Principal Adviser, the Lead Arranger and the Lead Manager in relation to the MTN Programme.

(b) In relation to the Solicitor

Messrs. Adnan Sundra & Low

As at the date hereof and after making enquiries as were reasonable in the circumstances, Adnan Sundra & Low as the solicitor for the Principal Adviser and the Lead Arranger has confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest situation in its capacity as the solicitor for the Principal Adviser and the Lead Arranger in relation to the MTN Programme.

(c) In relation to the Bond Trustee

Pacific Trustees Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, Pacific Trustees Berhad as the Bond Trustee to the MTN Programme has confirmed that, to the best of its knowledge and belief, it is not aware of any existing or potential conflict of interest situation in its capacity as the Bond Trustee in relation to the MTN Programme.

APPENDIX I

**LATEST AUDITED FINANCIAL STATEMENTS OF THE ISSUER
FOR THE FYE 30 JUNE 2014**

ISSUER

Royal Selangor International Sdn Bhd
4 Jalan Usahawan Enam
Kawasan Perindustrian Setapak
Jalan Genting Klang
53300 Kuala Lumpur

PRINCIPAL ADVISER/LEAD ARRANGER/LEAD MANAGER

Hong Leong Investment Bank Berhad
Level 23, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

BOND TRUSTEE

Pacific Trustees Berhad
Unit A-9-8, 9th Floor
Megan Avenue 1
No. 189, Jalan Tun Razak
Off Persiaran Hampshire
50400 Kuala Lumpur

FACILITY AGENT

Hong Leong Investment Bank Berhad
Level 23, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

CENTRAL DEPOSITORY AND PAYING AGENT

Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur

SOLICITOR TO THE PRINCIPAL ADVISER/LEAD ARRANGER

Messrs. Adnan Sundra & Low
Level 11, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur