

PRINCIPAL TERMS AND CONDITIONS

1. Background Information

(a) Issuer

- (i) Name : Sunway Velocity Mall Sdn Bhd (“**Issuer**”).
- (ii) Address : Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan
- (iii) Business registration number : 767400-H.
- (iv) Date and place of incorporation : 28 March 2007 / Malaysia.
- (v) Date of listing : Not applicable.
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company : Resident controlled company.
- (vii) Principal activities : The Issuer is involved in the development and management of a shopping mall.

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(viii) Board of directors : The Board of Directors of the Issuer as at 31 December 2012 are listed below:

- (i) Dato' Ngeow Voon Yean
- (ii) Dato' Puan Sri Hamidah Binti Abdullah
- (iii) Sarena Cheah Yean Tih
- (iv) Chong Chang Choong
- (v) Chan Hoi Choy
- (vi) Aishaf Falina Binti Ibrahim
- (vii) Ahmad Zul-Qarnain Bin Ibrahim
- (viii) Farida Aswan Binti Ibrahim (Alternate Director to Dato' Puan Sri Hamidah Binti Abdullah)
- (ix) Anis Aswani Binti Ibrahim (Alternate Director to Ahmad Zul-Qarnain Bin Ibrahim)

(ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : The shareholders and shareholding structure of the Issuer as at 31 December 2012 are listed below:

Shareholders	Percentage owned (%)
Sunway City Sdn Bhd ("SCSB")	59%
Fawanis Sdn Bhd ("Fawanis")	41%

(x) Authorised, issued and paid-up capital : **Authorised Share Capital as at 31 December 2012**
RM500,000 divided into 500,000 ordinary shares of RM1.00 each;

Issued and Fully Paid-up Share Capital as at 31 December 2012
RM250,000 divided into 250,000 ordinary shares of RM1.00 each

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- (xi) Disclosure of the following:
- If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and : None.
 - If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the submission. : Not applicable.

2. Principal Terms and Conditions

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

- (i) Principal adviser : Kenanga Investment Bank Berhad (Company No.15678-H) (“**KIBB**”) (“**PA/LA**”).
- (ii) Lead arranger : KIBB.
- (iii) Co-arranger : Not applicable.
- (iv) Solicitor : Adnan Sundra & Low (“**Solicitors**”).
- (v) Financial adviser : Not applicable.
- (vi) Technical adviser : Not applicable.

- (vii) Bond Trustee : Malaysian Trustees Berhad (Company No. 21666-V).
- (viii) Guarantor : Sunway Berhad (Company No. 921551-D) (“**SB**”) guaranteeing Tranche 1 (defined in Paragraph 2(b) below).
- (ix) Valuer : M/s Raine & Horne International Zaki & Partners (Company No. 99440-T) or such other valuer to be appointed by the Issuer from time to time.
- (x) Facility Agent : KIBB
- (xi) Primary subscriber (under a bought-deal arrangement) and amount subscribed : Not applicable.
- (xii) Underwriter and amount underwritten : Not applicable. The MTN Programme will not be underwritten.
- (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) : Subscribers for Tranche 1:
 - 1) Affin Bank Berhad (25046 T) (“**ABB**”);
 - 2) Public Bank Berhad (6463-H) (“**PBB**”); and

(collectively, the “**Subscribers**”)

The subscribers for other tranches will be determined at a later stage and will thereafter be notified to SC.

Security Agent: ABB

- (b) Facility description : Medium term notes (“**MTNs**”) issuance programme of up to RM1.0 billion in nominal value (“**MTN Programme**”).

The issuances of MTNs under the MTN Programme may be issued in several tranches. Each tranche shall be utilised for the specific purpose as defined hereunder by the Issuer based on specific projects.

Tranche 1

Tranche 1 of the MTN Programme shall have a sub-limit of up to RM461.0 million in nominal value to be utilised progressively by the Issuer for the purpose of financing the construction of Sunway Velocity Shopping Mall (“**Project**”) on part of the Property (as hereinafter defined).

The limit of Tranche 1 of the MTN Programme shall be subject to the reduction schedule annexed hereto as Appendix I.

Remaining Tranches

The remaining RM539.0 million in nominal value shall be utilised by the Issuer in one or more tranches to be determined at a later time.

- (c) Issue/debt programme size : Up to RM1.0 billion in nominal value.

The aggregate nominal value of outstanding MTNs at any point in time shall not exceed the MTN Programme limit of RM1.0 billion.

The first issuance of MTNs pursuant to the MTN Programme shall be from Tranche 1.

- (d) Tenure of issue/debt programme : MTN Programme

Fifteen (15) years from the date of the first issue of the MTNs under the MTN Programme.

The Issuer may choose to terminate the MTN Programme prior to the expiry of the tenure of the MTN Programme provided that there are no MTNs outstanding at that time.

Each MTN

Each MTN shall have maturity of more than one (1) year and up to fifteen (15) years, provided that the MTNs mature on or prior to the expiry of the MTN Programme.

Tranche 1

The tenure of Tranche 1 shall be up to twelve (12) years from the date of the first issue of the MTNs under the MTN Programme. The limit of Tranche 1 of the MTN Programme shall be subject to the reduction schedule annexed hereto as Appendix I.

- (e) Availability period of debt programme : The MTN Programme is available for utilisation upon completion of documentation and compliance of all conditions precedent to the satisfaction of the LA and the Subscribers subject always to the tenure of the MTN Programme and the relevant MTNs (as described in Paragraph 2(d) above).

For clarity purpose, in relation to the issuance of the MTNs under Tranche 1, upon completion of the Transaction Documents (as defined in Paragraph 2(v)(i)) and compliance of all conditions precedent therein (unless waived by the LA and the Subscribers) and upon receipt of the Securities Commission Malaysia's ("SC") approval, the first issuance of the MTNs under Tranche 1 shall be made within four (4) months from the date of the MTN Programme Agreement and the entire Tranche 1 (consisting of various issuances at such times to be determined by the Issuer) is available for issuance within forty-eight (48) months from the first issue date of Tranche 1.

- (f) Interest/coupon rate : Tranche 1

1.0% per annum above the Cost of Funds ("COF") of the respective Subscribers.

COF means the cost incurred by the respective Subscribers in obtaining funds in the relevant inter-bank market or deposits for the relevant financing period plus the cost of maintaining statutory reserves and complying with the liquidity and any other requirements imposed from time to time and at any time by BNM (if applicable), or

any appropriate regulatory authority as well as the administrative costs of the Subscribers. The COF shall be determined individually by each Subscriber on each Interest Payment Date (as defined in Paragraph 2(h) below).

Remaining Tranches

To be determined.

- (g) Interest/coupon payment frequency : Tranche 1
Interest period of one (1) month.

Remaining Tranches

To be determined prior to each issuance of the MTNs.

- (h) Interest/coupon payment basis : On basis of actual/365 days.
Interest will be payable on the last day of the selected interest period (“**Interest Payment Date**”). No Interest Payment Date shall end after the final date of maturity of the MTNs.

- (i) Security/collateral, where applicable : The MTN Programme shall be secured by way of the following:

Tranche 1

- (i) A third party legal charge by Fawanis (“**the Chargor**”) over the Property (as defined hereunder) in favour of the Security Agent, securing the Tranche 1 of the MTN Programme, and ranking pari passu with (1) ABB’s third party legal charge securing existing credit facilities granted to SCSB and the Chargor (totalling RM119.20 million) (collectively, the “**Affin Bilateral Loans**”) and (2) a third party legal charge to be created securing the credit facilities of RM302.20 million granted/to be granted to Sunway Integrated Properties Sdn Bhd (“**SIPSB**”) by the Subscribers (the “**Sunway Integrated Loan**”).

“**Property**” is defined as a piece of freehold commercial land approximately measuring 21.39 acres (of which approximately 5.9 acres are to be used for the construction of

the shopping mall known as Sunway Velocity Shopping Mall) held under Geran 75551, Lot 20000 Seksyen 90, Town and District Kuala Lumpur (formerly known as H.S. (D) 117437, PT462, Seksyen 90, Town and District of Kuala Lumpur located in Seksyen 90 at Jalan Peel, Cheras, Kuala Lumpur) registered under the name of the Chargor.

A Priority and Security Sharing Agreement to be executed amongst others by (1) the Issuer, (2) the Chargor, (3) the Security Agent, (4) the Trustee, (5) ABB as the lender of the Affin Bilateral Loans, (6) SCSB and the Chargor as the borrowers of the Affin Bilateral Loans (7) SIPSB as the borrower of the Sunway Integrated Loan, (8) ABB as the security agent for the Sunway Integrated Loan and (9) ABB and PBB as the lenders of the Sunway Integrated Loan.

- (ii) Specific Debenture over the Issuer's rights, interest and benefits in and under the Property and the Sunway Velocity Shopping Mall together with all fixed assets, floating assets, goodwill intellectual properties, revenues, undertakings and all other rights under, relating to or in connection with or otherwise pertaining to the Sunway Velocity Shopping Mall.
- (iii) Irrevocable and unconditional corporate guarantee by SB.
- (iv) First ranking charge and assignment of the Designated Accounts (as defined below) by the Issuer.
- (v) Irrevocable Letter of Undertaking from SCSB to meet cost overruns for the Project and to meet all shortfall in the Debt Service Reserve Account ("**DSRA**") (as defined hereunder).
- (vi) Assignment and Charge over Insurances Proceeds taken over the Sunway Velocity Shopping Mall by the Issuer.

Remaining Tranches

To be determined at the time the MTNs are to be issued.

- (j) Details on utilisation of proceeds by issuer and originator (in case of ABS). If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable : Tranche 1 - Up to RM461.0 million
- (i) To part finance the development cost of the Project on part of the Property; and
 - (ii) To utilise RM30,000.00 from the first issue of the MTNs to fund the Trustee's Reimbursement Account as required under the Trust Deed Guidelines.

Remaining Tranches- Up to RM539.0 million

To finance future operating and/or investment activities of the Issuer and/or its related corporations including but not limited to its future capital expenditure requirements and related financing expenses to be determined as well as the development of the other parts of the Property, subject to the agreement of the Subscribers.

- (k) Sinking fund and designated accounts, where applicable : Tranche 1
- The Issuer is required to open and maintain five (5) interest-bearing designated accounts:
- (i) Disbursement Account (“**DA**”);
 - (ii) Project Account (“**PA**”);
 - (iii) Debt Service Reserve Account (“**DSRA**”);
 - (iv) Operations Account (“**OA**”); and
 - (v) Trustee's Reimbursement Account.
- (collectively, the “**Designated Accounts**”). The DA, PA and DSRA shall hereinafter be referred to as the “**Security Agent Designated Accounts**”.

DA

The Issuer shall open an interest-bearing bank account with the Security Agent designated as “DA” for the purpose of capturing the proceeds from the MTN Programme, and the amount in this account shall be utilised in accordance with the

purposes mentioned in Paragraph 2(j) above. Drawing from the DA may be made by the Issuer in accordance with the following principal provisions:-

(a) Trustee's Reimbursement Account

RM30,000 to fund the Trustee's Reimbursement Account as required under the Trust Deeds Guidelines.

(b) Development of the Project

To be progressively released against Architect/ Quantity Surveyor/ Engineer's certificate on works done in the ratio of 59.8 : 26.2 : 14.0 (PBB: ABB: Issuer) and upon the Subscribers' satisfactory site inspection of progress work done.

(c) Notice

Minimum three (3) business days' written notice to the Security Agent.

The DA shall be operated solely by the Security Agent.

PA

The Issuer shall open and maintain an interest-bearing bank account with the Security Agent designated as the "PA" in which all the rental proceeds to be derived from Sunway Velocity Shopping Mall are to be deposited.

Funds in the PA shall be applied in the following order of priority:

1. Transfer to the DSRA to meet the DSRA Minimum Required Balance (as defined below under "**DSRA**");
2. To meet the payment of interest falling due and payable under the MTNs;
3. Redemption of the MTNs under the Tranche 1 falling due and payable as per the table in Appendix I; which shall commence on the eighty seventh (87th) month from the date of first issuance;
4. Annual recurring fees to the Trustee, Security Agent and Facility Agent;
5. Transfer to the OA to fund (i) the payments for all operating, management and maintenance expenditure of the Sunway

Velocity Shopping Mall based on the annual operating expenditure budget prepared by the Issuer approved by the Trustee on the unanimous instruction of the Subscribers (ii) and subject to the approval of the Subscribers unanimously, the payment of all other fees, charges, expenses and outgoings incurred by the Issuer not accounted for in the annual operating expenditure budget (to the extent that the payment of such fees, costs and expenses and outgoings is incidental to the carrying of business of the Issuer and to fund the Permitted Investments (as defined in Paragraph 2(v)(ii)) so long as following any such withdrawal, there is sufficient funds standing to the credit of the PA to meet the Issuer's obligations to service such interest that is payable by the Issuer under the MTNs for the period immediately following the Interest Payment Date); and

6. Early redemption of the MTNs by the Issuer from the Subscribers (if the Issuer so elects).

The PA shall be operated solely by the Security Agent. All withdrawals from the PA shall be accompanied by relevant supporting documents (in form and substance satisfactory to the Security Agent).

DSRA

The Issuer shall open and maintain an interest-bearing bank account with the Security Agent designated as "DSRA". An amount equivalent to one interest servicing payment under Tranche 1 shall be deposited into the DSRA for at least three (3) business days prior to the first Interest Payment Date ("**DSRA Minimum Required Balance**") and maintained therein throughout the tenure of the Tranche 1 of the MTN Programme.

Funds in the DSRA shall be utilised solely for the interest servicing under the Tranche 1 of the MTN Programme falling due and payable in the event that funds contained in the PA is insufficient to meet such payment on any Interest Payment Date. The Issuer shall replenish the DSRA immediately but not later than the next Business Day in order to maintain the DSRA Minimum Required Balance with a grace period of twenty-

one (21) days thereafter (“**DSRA Grace Period**”).

The DSRA shall be solely operated by the Security Agent. For the avoidance of doubt, should the DSRA Minimum Required Balance not be met on or before the expiry of the DSRA Grace Period, such event shall constitute an Event of Default.

OA

The Issuer shall open and maintain an interest-bearing bank account with a licensed financial institution designated as “OA” for the purpose of payments for all operating, management and maintenance expenditure of the Sunway Velocity Shopping Mall.

The Security Agent shall credit into the OA on a monthly basis such monies withdrawn from the PA in accordance with the annual operating expenditure budget prepared by the Issuer and approved by the Trustee on the unanimous instruction of the Subscribers and subject to the agreement by the Subscribers unanimously, such other payments not accounted in the annual operating expenditure budget as may be requested by the Issuer to pay the fees, charges and expenses referred to in sub-paragraph 5 under “PA”. The funds in this account can only be utilised for the purpose as stated above and any excess thereafter shall be credited back into the PA.

The OA shall be solely maintained and operated by the Issuer who shall be the sole signatory of the account prior to an Event of Default. Upon the occurrence and the subsistence of an Event of Default, the Security Agent will solely operate the OA.

Trustee’s Reimbursement Account

The Issuer shall open and maintain an interest-bearing bank account with the Security Agent designated as the “Trustee’s Reimbursement Account” in which Ringgit Thirty Thousand (RM30,000.00) out of the proceeds to be derived from the issuance of Tranche 1 shall be deposited therein. The Trustee’s Reimbursement Account shall be solely operated by the Trustee.

Remaining Tranches

The Issuer may open other designated accounts for other tranches under the MTN Programme which will be determined at the time the relevant MTNs are issued.

Monies in the Designated Accounts may be invested in Permitted Investments. Funds utilised for Permitted Investments and interest received from such Permitted Investments shall be remitted into the relevant Designated Accounts in a timely manner to meet any payment obligations of the Issuer when due and payable.

Immediately after the last maturity date of the MTNs under Tranche 1 of the MTN Programme and all payment obligations under the Tranche 1 of the MTN Programme have been fully settled, the Designated Accounts shall be closed and any credit balance shall be transferred to the Issuer.

(l) Rating

- Credit ratings assigned and whether the rating is final or indicative. In the case of a debt programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 4.04 of the PDS Guidelines must be made; : Not applicable as the MTNs will not be rated. The provisions relating to non-rated issue as stated under Paragraph 4.11(d) of the Guidelines on Private Debt Securities (“**PDS Guidelines**”) shall be complied with.
- Name of credit rating agencies : Not applicable.

- (m) Mode of issue : The MTNs under Tranche 1 will be issued by way of direct placement to the Subscribers. The MTNs to be issued under the remaining tranches shall be directly placed to such subscriber(s) that will be determined later.
- Issuance of the MTNs under the MTN Programme shall be in accordance with (i) the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear**”); and (ii) the Operational Procedures for Securities Services issued by MyClear (“**MyClear Procedures**”) or their replacement thereof (collectively “**MyClear Rules and MyClear Procedures**”) available from time to time.
- (n) Selling restriction, including tradability, i.e. whether tradable or non-tradable : Selling Restrictions At Issuance:
- The MTNs may only be offered, sold, or delivered, directly or indirectly to a person falling within the relevant category of persons specified in Section 4(6) of the Companies Act 1965, as amended from time to time, and persons to whom an offer or invitation to subscribe the MTNs may be made and to whom the MTNs are issued would fall within Schedule 6 or Section 229(1)(b) of Capital Markets and Services Act 2007 (“**CMSA**”), Schedule 7 or Section 230(1)(b) of CMSA, read together with Schedule 9 or Section 257(3) of CMSA.
- Selling Restrictions Thereafter
- The MTNs shall be non-transferable and non-tradable in the secondary market.
- (o) Listing status and types of listing, where applicable : The MTNs will not be listed on any exchange.
- (p) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify) : Not applicable. Save for SC’s approval, no other regulatory approvals are required in relation to the issuance of the MTNs.

- (q) Conditions precedent : The issue of the MTNs shall be subject to the following conditions which include but not limited to:
1. Delivery of the Issuer's and the Guarantor's Memorandum Certificate of Incorporation, and Articles of Association, board resolution and all other relevant constitutional documents (Form 9, Form 13, Form 20 (in the case of the Guarantor), Form 24, Form 44 and Form 49) of the Issuer and the Guarantor to the Facility Agent, in form and substance satisfactory to the Subscribers and the Facility Agent;
 2. Receipt of specimen signature of those officers of the Issuer who will sign all Transaction Documents relating to the issue of the MTNs to which it is a party and will thereafter be giving notices to the Facility Agent;
 3. All required Transaction Documents have been executed;
 4. Evidence of the approval of the SC in respect of the issue of the MTNs;
 5. The payment in full of all fees, expenses and other amounts which are due;
 6. A legal opinion from the Solicitors addressed to the Facility Agent and the LA on (a) the validity, legality and enforceability of the MTNs and the Transaction Documents, and (b) that all conditions precedent have been fulfilled;
 7. A complete and favourable winding-up/ bankruptcy searches are to be made on the Issuer, the Issuer's directors, the Guarantor and the Chargor;
 8. All other customary conditions precedent relevant for such financing and any other conditions to be agreed between the Issuer, LA and the subscribers.

Other Specific Conditions Precedent
Applicable for Tranche 1 only:

1. The Chargor's board resolution in respect of the charging of the Property in favour of the Security Agent;
2. All undertakings specified under Paragraph 2(i)(v) above shall have first been obtained by the Subscribers;
3. All relevant authorities' approvals/consents have been obtained (e.g. building plans for Sunway Velocity Shopping Mall, state government approvals) allowing the Property to be charged to the Security Agent, etc. (if applicable);
4. Submission of the relevant Contractor All Risk Insurance Policy taken with an insurance company acceptable to the Subscribers on the Sunway Velocity Shopping Mall with the Security Agent endorsed as loss payee;
5. Submission of a Valuation Report from M/s Raine & Horne International Zaki & Partners on the Property acceptable addressed to Security Agent reflecting a minimum Current Market Value of not less than RM298.20 million;
6. Documentary evidence that all approvals for layout plan and building plan for Sunway Velocity Shopping Mall has been obtained;
7. Submission of feasibility study of the Project which is acceptable to the Subscribers;
8. Documentary evidence that the Designated Accounts have been opened for the purpose stated in the Transaction Documents and the mandate for operating the Security Agent Designated Accounts has been issued in favour of the Security Agent as the sole signatory of the Security Agent Designated Accounts;
9. Submission of a certified true copy of the Joint Venture Agreement entered into between SCSB and the Chargor as amended and restated as provided in the Amending Agreement dated 22 February 2011 and a

certified true copy of the Novation Agreement dated 18 August 2011 entered into between SCSB and the Chargor;

10. Submission of a certified true copy of the Power of Attorney granted by the Chargor to the Issuer;
11. Payment of an upfront fee to be determined and mutually agreed upon between the respective Subscribers and the Issuer;
12. Submission of Forms 24, 44 and 49 of the Issuer, the Guarantor, and the Chargor;
13. Submission of the Chargor's Memorandum and Articles of Association;
14. Save for the RM30,000 from the first issue of the MTNs to be deposited into the Trustee's Reimbursement Account, the amount of remaining MTNs to be issued shall be made against the Architect/ Quantity Surveyor/ Engineer's certificate on works of the Project done in the ratio of 59.8 : 26.2 : 14.0 (PBB: ABB: Issuer) and upon the Subscribers' satisfactory site inspection of progress work of the Project done;
15. Notification in writing to the Facility Agent at least three (3) business days in advance prior to the intended issue of the MTNs under Tranche 1 to pay for the development cost of the Project, with evidence of the following: -
 - a) Submission of the Issue Request shall be accompanied by the relevant Architect certification on work progress, invoices or claims, or any other documents acceptable to the Facility Agent and the Security Agent; and
 - b) The amount of MTNs to be issued shall be based on a financing margin of 86% of the amount shown on the Architect's certificate, invoices or claims, or any other documents as deemed acceptable to the Subscribers in relation to the expenses incurred arising from the Project and to be rounded-up to the nearest RM1.0 million. Each issue of the MTN under Tranche 1 shall be proportionately subscribed by ABB

and PBB on 30.5: 69.5 basis;

No additional evidence other than the Transaction Documents is required for the issue of the MTNs under Tranche 1 to fund the Trustee's Reimbursement Account.

16. The proceeds of the MTNs are to be disbursed into the DA to be operated by the Security Agent. Withdrawal from the DA shall be as per Paragraph 2(k) above. Each issue of MTN shall be proportionately subscribed by ABB and PBB on 30.5 : 69.5 basis.

- (r) Representations and warranties : Including but not limited to the following:
- (i) Each of the Issuer, the Guarantor and the Chargor (the Guarantor and the Chargor are hereinafter referred to as "**Securities Parties**") is duly incorporated under the laws of Malaysia and is validly existing;
 - (ii) Each of the Issuer and the Securities Parties has the power and authority to enter into the business in which it is or proposes to be engaged, and has the power and authority to enter into, exercise its rights under and perform its obligations under the Transaction Documents to which it is a party;
 - (iii) All necessary corporate action has been taken to authorise, and all authorisations of any governmental or other authority have been duly and unconditionally obtained and are in full force and effect which are required to authorise each of the Issuer and Securities Parties to own its assets, carry on its business as it is being conducted which, if not obtained would have a Material Adverse Effect (as defined below), and sign and deliver, and perform the transactions and obligations contemplated in the Transaction Documents;
 - (iv) Neither the signing and delivery of the Transaction Documents nor the performance of any of the transactions contemplated in the Transaction Documents will:

- (a) Contravene or constitute a default under any provision contained in any agreement, instrument, law, judgement, order, licence, permit or consent by which the Issuer or Securities Parties or any of their respective assets are bound or affected; or
- (b) Cause any limitation on the Issuer or Securities Parties or the powers of their respective directors, whether imposed by or contained in their respective Memorandum and Articles of Association or any other law, order, judgement, agreement, instrument or otherwise, to be exceeded;
- (v) No event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which the Issuer or the Chargor or any of their respective assets are bound or affected, being a contravention or default which would have a Material Adverse Effect;
- (vi) No litigation, arbitration or administrative proceeding or claim which would by itself or together with any other such proceedings or claims have a Material Adverse Effect or is presently in progress or pending or, to the best of the knowledge, information and belief of the Issuer and the Securities Parties, threatened against them or any of their respective assets and which has not been set aside, settled or defence entered within 30 days from the date of receipt the notification of the same;
- (vii) All necessary returns have been delivered by or on behalf of the Issuer and the Securities Parties to the relevant taxation authorities (if any) and the relevant entity is not in default in the payment of any taxes, save and except for taxes that are being contested in good faith and by appropriate means and an adequate

reserve has been set aside with respect to taxes which is not disclosed in their latest audited statements;

- (viii) The audited financial statements of the Issuer and the Guarantor have been prepared on a basis consistently applied to those previously adopted in the preparation of the audited financial statements and in accordance with approved accounting standards in Malaysia and give a true and fair view of the results of their operations for each respective year and the state of their affairs at that date, and in particular disclose all material liabilities (actual or contingent);
- (ix) All necessary actions, authorisations and consents required by that date under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
- (x) The Transaction Documents are in full force and effect and create valid and binding obligations which are enforceable on and against each the Issuer and the Securities Parties;
- (xi) All information furnished in connection with the Issuer is to the best of its knowledge and belief, do not contain any untrue statement or omit to state any fact the omission of which makes any statement made therein misleading, and the Issuer is not aware of any material facts or circumstances that have not been disclosed to the LA which might, if disclosed, adversely affect the decision of a person considering whether or not to provide finance to the Issuer;
- (xii) Information furnished or to be furnished by the Issuer or the Securities Parties in connection with the Transaction Documents and application to the SC, do not contain any statement or information that is false or misleading and there is no material omission in respect thereof, and all expressions of expectation, intention, belief and opinion contained therein were

honestly made on reasonable grounds after due care and careful enquiry by the relevant entity;

- (xiii) The Issuer has fully disclosed in writing to the LA and the subscribers all facts relating to them which they know or should reasonably know and which are material for disclosure to the LA and the subscribers in the context of the MTN Programme;
- (xiv) The Issuer is in compliance and shall comply with any applicable laws and regulations where non-compliance would have a Material Adverse Effect;
- (xv) Each the Issuer and the Securities Parties is a going concern on the date of the execution of the Transaction Documents;
- (xvi) The Issuer has obtained all appropriate authorisations required under the law to enable it to own its assets and to perform its obligations under the relevant agreements and it is conducting its business and operations in compliance with all applicable laws and regulations; and
- (xvii) Such other representations and warranties as may be advised by the Solicitors and mutually agreed by the Issuer, subscribers, and the LA.

- (s) Events of default and enforcement event, where applicable
- : Events of default shall include, but not limited to the following:
- (i) The Issuer fails to pay any amount due (including but not limited to fees and other charges) under the MTNs or in accordance with the term of the MTN Programme when such payment is due;
 - (ii) Any of the Issuer and Securities Parties fails to observe or perform any of their obligations under the Transaction Documents or any other document relating to the issue, offer or invitation in respect of the MTNs which may have a Material Adverse Effect and in the case of a failure capable of remedy, such failure is

not remedied within fourteen (14) business days of the occurrence of such breach or such other period as may be agreed by the Trustee, to the satisfaction of the Trustee;

- (iii) Any of the Issuer and Securities Parties breaches any of the covenants or representations and warranties under any of the Transaction Documents to which it is a party;
- (iv) Any guarantee or indebtedness of the Issuer or Guarantor becomes due or capable of being declared due before its stated maturity, any guarantee or similar obligations of the Issuer or Guarantor is not discharged at maturity or when called or the Issuer or Guarantor goes into default under, or commits a breach of, any instrument or agreement relating to any such indebtedness, guarantee or other obligation or when any security created for any indebtedness of the Issuer or Guarantor becomes enforceable;
- (v) The Issuer fails to satisfy any judgement exceeding RM1.0 million passed against it by any court of competent jurisdiction within thirty (30) business days and no appeal against such judgement has been made to any appropriate appellate court within the time prescribed by law or such appeal has been dismissed;
- (vi) Any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within thirty (30) business days from the date of service of such winding up petition or a winding up order has been made against the Issuer;
- (vii) The Issuer convenes a meeting of its creditors or proposes or makes any arrangement (including any scheme of arrangement pursuant to Section 176 of the Companies Act 1965) or composition

with or begins negotiations or takes any proceeding or other step with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness, or any assignment for the benefit of, its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent);

- (viii) An encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or any part of the business or assets of the Issuer, and which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;
- (ix) If there should occur any revocation, withholding or modification or termination of any licences, authorisation, permits or approvals that impairs or prejudices the ability of the Issuer to comply with the terms and conditions of the Transaction Documents or any other agreements relating to the issue, offer or invitation in respect of the MTN Programme;
- (x) The Issuer is deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts;
- (xi) Any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Trustee would have a Material Adverse Effect;
- (xii) At any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable which in the opinion of the Trustee would

have a Material Adverse Effect;

- (xiii) 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;
- (xiv) An occurrence of total loss to the Sunway Velocity Shopping Mall i.e. due to fire, war or any other disasters;
- (xv) Any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Trustee may have a Material Adverse Effect;
- (xvi) Any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer to perform its respective obligations and undertakings in connection with any of the Transaction Documents, 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 a period of thirty (30) days after the Issuer becomes aware or having been notified by the Trustee of the event or situation or such other remedy period as may be allowed under the Transaction Documents for the relevant event or situation;
- (xvii) The Issuer changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conduct directly or indirectly and such change or suspension or cessation in the opinion of the Trustee may have a Material Adverse Effect; and
- (xviii) Such other events of default as may be advised by the Solicitors and mutually agreed by the Issuer and the LA.

The Trustee may or shall upon the request of the holders of the MTNs unanimously, issue a notice to the Issuer declaring that an Event of Default has occurred and all sums payable by the Issuer under the MTN Programme becomes immediately due and payable in full whereupon the Trustee shall be entitled to immediately enforce the security created under the Transaction Documents, without further notice to the Issuer.

For the purpose of the principal terms and conditions of the MTN Programme, “**Material Adverse Effect**” means, in relation to the Issuer, any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.

(t) Covenants

: (i) **Positive Covenants**

To include but not limited to the following:

- (a) The Issuer shall undertake to act in accordance with the Security Agent’s instructions upon the occurrence of an event of default;
- (b) The Issuer shall promptly notify the Trustee of any change in its board of directors;
- (c) The Issuer shall provide the Trustee the details of any litigation, arbitration or administrative proceeding or claim, or the occurrence of any other event, which might by itself or together with any other such proceedings, claims or events materially and adversely affect the ability of the Issuer to perform its obligations under the Transaction Documents;
- (d) The Issuer shall provide notification to the Trustee of all claims made against it which has a Material Adverse Effect and to defend themselves against such claims;

- (e) The Issuer shall maintain in full force and effect all relevant authorizations, consents, rights, licenses, approvals and permits (governmental and otherwise) and will promptly obtain any further authorizations, consents, rights, licenses, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the MTN holders under the Transaction Documents and the Issuer shall comply with the same;
- (f) The Issuer shall enter into and maintain the necessary insurance policies over its assets with the Security Agent endorsed as loss payee and promptly notify the Trustee of any event which will or may give rise to any claim or right of action under the insurances;
- (g) The Issuer shall exercise or cause to exercise reasonable diligence in carrying on and operating its business and affairs in a proper and efficient manner in accordance with sound financial and commercial standards and in accordance with its Memorandum and Articles of Association;
- (h) The Issuer shall perform all its obligations under the Transaction Documents to which it is a party and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents to which it is a party;
- (i) The Issuer shall keep proper books and accounts at all times and prepare financial statement in accordance with

generally accepted accounting principles;

- (j) The Issuer shall deliver to the Trustee:
1. within 180 days after the end of each of its financial year copies of its audited financial statements;
 2. within 90 days after the end of each half of its financial year copies of its unaudited financial statements;
 3. a copy of the current year's quit rent receipt of the Property for record purposes. Yearly quit rent/assessment receipts must be submitted to the Trustee not later than 31 May/31 August each year; and
 4. any change of correspondence address. Any written correspondence shall be deemed sufficiently delivered if it is to be posted/left at the usual or last known correspondence address.
- (k) to maintain at all times throughout the tenor of the MTN Programme, the Trustees' Reimbursement Account with a sum of RM30,000 to be set up from the moneys received by the Issuer when the MTNs are issued. The Trustees' Reimbursement Account shall be operated by the Trustee and the money in the Trustees' Reimbursement Account shall only be used strictly by the Trustee in carrying out their duties in relation to the occurrence of Event of Default or enforcement events which are provided under the Transaction Documents.
- (l) Covenants Specific to Tranche 1 only
- i) The Issuer shall issue the first Issue Request within four (4) months from the date of the MTN Programme Agreement;

- ii) Upon the first issue of Tranche 1, the Issuer shall be entitled to issue further Issue Request for the issuance of further MTNs under Tranche 1 for a maximum period of forty-eight (48) months from the first issue. The Issuer is not entitled to request for further issue of Tranche 1 within the limit of RM461.0 million subsequent to the said forty-eight (48) month period unless extended by the Subscribers upon written request by the Issuer;
- iii) The Issuer is to submit quarterly report on the progress of the Project upon commencement of construction works to all the Subscribers and the Facility Agent;
- iv) The Issuer shall allow the Property charged to the Security Agent to be inspected and valued by the appointed valuer of the Subscribers from time to time and to allow inspection of books of account or other relevant document by the Subscribers and the Facility Agent
- v) The Issuer shall ensure that Sunway Velocity Shopping Mall is adequately insured for their insurable market value at all times in the name of the registered owner with Security Agent as chargee with the insurance company acceptable to the Subscribers;
- vi) The Issuer shall allow the Subscribers or its agent to conduct a site visits at the Sunway Velocity Shopping Mall site and at a frequency to be determined by the

Subscribers and all reasonably incurred costs pertaining to these visits are to be borne by the Issuer;

vii) The Issuer shall give written notice to the Subscribers before any major change to the existing layout/building plans and other alterations can be effected;

viii) The Issuer shall procure delivery to the Trustee the annual operating expenditure budget of Sunway Velocity Mall when the Sunway Velocity Mall is operational; and

(m) Such other positive covenants as may be advised by the relevant advisers and mutually agreed between the Issuer and the LA.

(ii) Negative Covenants

The Issuer shall not do the following without the prior written consent of the Trustee, of which such consent shall not be unreasonably withheld:

(a) the Issuer shall not carry out any other business or activities other than the authorized business or activities in accordance with the exercise of its rights and performance of its obligations including under the Transaction Documents (if any);

(b) the Issuer shall not dissolve its affairs or consolidate with or merge into any other entity;

(c) the Issuer shall not reduce its authorised or paid up and issued share capital;

(d) the Issuer shall not allow any changes to its shareholding throughout the tenure of the MTNs;

- (e) the Issuer shall not sell, transfer, assign or otherwise dispose of all or substantial portion of its assets, property and undertaking (if any);
- (f) the Issuer shall not add to, delete, vary or amend its Memorandum and Articles of Association in any manner whatsoever save as permitted hereunder;
- (g) the Issuer shall not make, assume or permit to exist any loans or grant advances to others or provide or extend any credit or accommodation or provide any guarantee, indemnity or assurance against loss to or for the benefit of any person, enterprise or company or act as surety or otherwise voluntarily assume any liability, whether actual or contingent except as permitted under the Transaction Documents;
- (h) the Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, except for the security created to secure Tranche 1 of the MTN Programme, those security created prior to the signing of the Transaction Documents, those security permitted and to be agreed upon prior to signing of the Transaction Documents, and liens arising in the ordinary course of operations and by operation of law and not by way of contract;
- (i) the Issuer shall not cancel, surrender, abandon or otherwise change in a material manner the nature or scope of its existing business nor suspend or threaten to suspend a substantial part of its business in any manner which

would have a Material Adverse Effect;

- (j) the Issuer shall not declare or pay any dividends if an Event of Default has occurred or following such payment/declaration, an Event of Default would have occurred;
- (k) the Issuer shall not do or suffer to be done any act, matter or thing whereby any insurance may be rendered void, voidable or incapable of being effected, maintained or renewed, nor permit any other act to be done whereby any insurance or any provision thereof may be suspended, impaired or defeated;
- (l) the Issuer shall not incur, assume or permit to exist any other guarantee or security interest or any indebtedness for borrowed monies other than as provided in the Transaction Documents;
- (m) the Issuer shall not terminate or materially amend any material agreement or licence which may have a Material Adverse Effect; and
- (n) Such other covenants as may be advised by the relevant advisers and mutually agreed by the Issuer and the LA.

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

: Buy-back

The MTNs shall not be transferable and tradable in the secondary market as such, the Issuer or any of its subsidiaries or agent(s) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer may not purchase the MTNs in the open market or by way of private treaty. The MTNs which have been redeemed will be cancelled and shall not be reissued or resold.

Early redemption

The Issuer may redeem the MTNs in whole or in part in multiples of RM100,000 in nominal value (on a pro-rata basis) of a particular tranche(s) of

the MTNs before their respective maturity dates and if it does so it shall cancel such MTNs. Under both scenarios above, Issuer shall pay the early redemption amount plus accrued interest to be calculated from and including the preceding Interest Payment Date until and excluding the date of early redemption based on a 365 days year, and shall indemnify the Subscribers against any break costs, charges or expenses incurred or in the case of the redemption of the Tranche 1 MTNs within the first thirty-six (36) months from the date of the first issuance of the Tranche 1 MTNs, the Issuer shall pay 2% redemption fee calculated on the nominal amount of the MTNs redeemed save and except for redemption utilising (a) the proceeds from the sale of the Sunway Velocity Shopping Mall to Sunway Real Estate Investment Trust and other real estate investment trust sponsored by the Guarantor or any of its subsidiaries; or (b) the funds utilised for early redemption are raised from the issuance of private debt securities by the Issuer, the Guarantor or any subsidiaries of the Guarantor, subject to the right of first refusal to be given to the Subscribers to raise the issuance of the private debt securities.

One month notice to the holders of the MTNs is required for early redemption, failing which interest of similar period will be charged. In addition, any prepayment/early redemption must be made on an Interest Payment Date. Otherwise, any funding loss incurred by the holders of the MTNs shall be borne by the Issuer. The MTNs which have been redeemed will be cancelled and shall not be reissued or resold.

(v) Other principal terms and conditions for the proposal:

- (i) Documentation : Completion of all documentation for the MTN Programme which include inter-alia the following documents:
 - (a) MTN Programme Agreement;
 - (b) Trust Deed;
 - (c) Subscription Agreement;
 - (d) Security Documents; and
 - (e) Such other relevant documentation which may be advised by the Solicitors.

(the above documents are hereinafter collectively referred to as the “**Transaction Documents**”)

- (ii) Permitted Investments : The funds standing to the credit of the Designated Accounts may be placed in permitted investments limited to the following (“**Permitted Investments**”) for credit back to the said account:
- (i) Securities guaranteed by the Government of Malaysia;
 - (ii) Fixed income securities issued in Malaysia with the approval of the Government of Malaysia by any authority established under federal or state law;
 - (iii) Deposits with any financial institution with a minimum credit rating of AA3/P1 and/or AA-/MARC-1 by the rating agency;
 - (iv) Money market instruments of a financial institution with a minimum credit rating of AA3/P1 and/or AA-/MARC-1 by the rating agency;
 - (v) Other debt or capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1 as determined by RAM Rating Services Berhad or its equivalent by Malaysian Rating Corporation Berhad; and
 - (vi) Such other investments approved by the Trustee,

Provided that the maturity of the Permitted Investments in securities shall fall on a date, which is at least five (5) business days before any payment obligations are due and payable under the MTN Programme. However, Permitted Investments in money market instruments of a financial institution and accounts maintained with financial institutions may fall on a date, which is at least two (2) business days before any payment obligations are due and payable under the MTN Programme.

- (iii) Indemnity : The Issuer shall indemnify the LA against all liabilities, claims, actions, demands, losses, costs, charges and expenses which the LA may

suffer or incur resulting from or are attributable to any breach of any representation or warranty given by the Issuer or arising from any non-compliance with regulatory requirements.

- (iv) Charges for Late Payment(s) : In the event that the Issuer fails to make timely payment on the MTNs, the Issuer shall pay late payment charges on such overdue amounts at the rate of 1% per annum above the interest rate.
- (v) Default Interest : If an Event of Default has occurred, interest on overdue amounts under the Tranche 1 MTNs shall be payable at 3.5% per annum above the base lending rate of Subscribers from and including the relevant due date but excluding the date of actual payment, calculated based on the actual number of days elapsed and a year of 365 days. Default interest for the remaining tranches will be determined upon issuance.
- (vi) Taxes : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by the laws of Malaysia, in which event, the Issuer shall be required to make such additional payments as are necessary so that the participating institutions would receive the full amount which they would have received if no such withholding or deductions are made. For the avoidance of doubt, the Issuer's obligations to gross-up do not apply to tax on the general income of the MTN holders.
- (vii) Governing Law : The Laws of Malaysia.

APPENDIX I

REDUCTION SCHEDULE LIMIT OF TRANCHE 1

The Tranche 1 of MTN Programme are subject to twenty (20) quarterly reduction schedule commencing on the eighty seventh (87th) month from the date of first issuance as follows:

Months from the date to first Issue	* Amount to be reduced (RM)	Total outstanding amount of Tranche 1(RM)
87th	8,000,000	453,000,000
90th	8,000,000	445,000,000
93th	8,000,000	437,000,000
96th	8,000,000	429,000,000
99th	10,000,000	419,000,000
102th	10,000,000	409,000,000
105th	10,000,000	399,000,000
108th	10,000,000	389,000,000
111th	12,000,000	377,000,000
114th	12,000,000	365,000,000
117th	12,000,000	353,000,000
120th	12,000,000	341,000,000
123th	15,000,000	326,000,000
126th	15,000,000	311,000,000
129th	15,000,000	296,000,000
132th	15,000,000	281,000,000
135th	17,000,000	264,000,000
138th	17,000,000	247,000,000
141th	17,000,000	230,000,000
144th	230,000,000	-
Total	461,000,000	

* The amount to be reduced shall be paid to the Subscribers namely PBB and ABB in the ratio of 69.5:30.5 (PBB:ABB).