

Indicative Principal Terms and Conditions

1. Background Information

- (a) **Issuer**
- (i) **Name** : Medi Innovation Sdn Bhd ("**Issuer**" or "**MISB**")
- (ii) **Address** : 15th Floor, Menara SMI
No 6, Lorong P Ramlee
50250 Kuala Lumpur
- (iii) **Business Registration No.** : 666355-M
- (iv) **Date/ Place of Incorporation** : 17 September 2004 / Kuala Lumpur, Malaysia
- (v) **Date of Listing** : Not applicable
- (vi) **Status** : Resident controlled company and upon completion of the proposed acquisition of shares in Maxglobe Pte Ltd ("**Maxglobe**") and Eastlife Pte Ltd ("**Eastlife**"), pursuant to the Share Sale Agreement (as defined below) ("**Proposed Acquisition**") from HealthTrends Medical Group Pte Ltd ("**HTMG**" or "**the Vendor**"), however, the Issuer will be a non-resident controlled company.
- : Non-Bumiputera controlled company
- (vii) **Principal Activities** : Investment holding
- (viii) **Board of Directors** : **Board of Directors as at 30 June 2009**
- (1) Leow Thang Fong
(2) Dr. Lim Cheok Peng
(3) Dr. Billy Hardie
(4) Kong Chee Keong

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(ix) **Structure of Shareholdings** : **Shareholders as at 30 June 2009**

i) **Ordinary Shareholders**

Shareholder	No. of Shares	Equity interest (%)
(1) Zainon Binti Baba	31,000	31.0
(2) Leow Thang Fong	20,000	20.0
(3) Lim Wei Tching	20,000	20.0
(4) Mohd. Firuz Bin Jaffril	15,000	15.0
(5) Chan Jin Hoe	9,000	9.0
(6) Dr. Lim Cheok Peng	5,000	5.0
Total	100,000	100.0

After the completion of the Proposed Acquisition, the ordinary shareholders of the Issuer shall be:

Shareholder	No. of Shares	Equity interest (%)
(1) Zainon Binti Baba	31,000	12.4
(2) Leow Thang Fong	20,000	8.0
(3) Lim Wei Tching	20,000	8.0
(4) Mohd. Firuz Bin Jaffril	15,000	6.0
(5) Chan Jin Hoe	9,000	3.6
(6) Dr. Lim Cheok Peng	5,000	2.0
(7) Dr. Billy Hardie	149,000	59.6
(8) HTMG	1,000	0.4
Total	250,000	100.0

HTMG has entered into an agreement to subscribe for 1,000 shares in the Issuer and will complete the subscription immediately prior to completion of the Proposed Acquisition.

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ii) Preference Shareholder

Shareholder	Percentage (%)
Dr. Lim Cheok Peng	100.0

The structure of shareholdings may change further arising from any subsequent conversion of the Loan Stocks or sale/transfer of the shares after completion of the Proposed Acquisition.

- (x) **Authorized and Paid-Up Capital** : **Authorized Capital as at 30 June 2009**
 RM5,000,000 comprising 4,951,000 ordinary shares of RM1.00 each and 4,900,000 redeemable convertible preference shares ("RCPS") of RM0.01 each

Paid-Up Capital as at 30 June 2009
 RM149,000 comprising 100,000 ordinary shares of RM1.00 each and 4,900,000 RCPS of RM0.01 each

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2. Name of parties involved in the proposed transaction

- (i) **Principal Adviser(s) / Lead Arranger(s)** : (1) OSK Investment Bank Berhad (14152-V)("OSK IB")
(2) MIDF Amanah Investment Bank Berhad (23878-X) ("MIDF Investment")
(collectively as "Joint Principal Advisers/Joint Lead Arrangers" or "JPAs/JLAs")
- (ii) **Arranger(s)** : Not applicable
- (iii) **Valuers** : Not applicable
- (iv) **Solicitors** : Messrs Abdullah Chan
- (v) **Financial Adviser** : Fiscalab Capital Markets Sdn Bhd (603531-P) ("Fiscalab")
- (vi) **Technical Adviser** : Not applicable
- (vii) **Guarantor** : Not applicable
- (viii) **Trustee** : Equity Trust (Malaysia) Bhd (610812-W) ("ETMB")
- (ix) **Facility Agent** : OSK IB
- (x) **Primary Subscribers** : Not applicable
- (xi) **Underwriter(s) and amount underwritten** : Not applicable
- (xii) **Central Depository** : Bank Negara Malaysia ("BNM")
- (xiii) **Paying Agent** : BNM
- (xiv) **Reporting Accountant** : Not applicable
- (xv) **Others (please specify)** :
- (a) **Security Trustee** : ETMB

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- (b) **Placees/ Subscribers** : The RM254.85 million Loan Stocks will be issued to the following subscribers:

Facility	Subscriber(s)	Amount Subscribed (RM)
(1) Redeemable Convertible Secured Loan Stocks A ("RCCLS-A")	i) HTMG**	78,850,000
	ii) OSK IB*	21,700,000
	iii) MIDF Investment*	35,300,000
(1) Redeemable Convertible Secured Loan Stocks B ("RCCLS-B")	i) HTMG	50,000,000
	ii) OSK IB*	19,020,000
	iii) MIDF Investment*	30,980,000
(2) Redeemable Convertible Unsecured Loan Stocks C1 ("RCULS-C1")	Dr. Lim Cheok Peng	12,000,000
(3) Redeemable Convertible Unsecured Loan Stocks C2 ("RCULS-C2")	i) Dr. Lim Cheok Peng	6,100,000 900,000
	ii) Leow Thang Fong	
Total		254,850,000

Notes:

* Existing noteholders under the Issuer's Issuance of up to RM100.0 million Islamic Medium Term Notes Issuance Facility ("IMTN") and up to RM50.0 million Murabahah Underwritten Notes Issuance Facility/ Islamic Medium

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Term Notes Issuance Facility (**MUNIF**) and their respective holdings are as follows:-

Noteholder	MUNIF (RM) (million)	IMTN (RM) (million)	Profit Payment for IMTN agreed to be capitalized ^ (RM) (million)	Total (RM) (million)
(1) OSK IB	20.0	20.0	0.72	40.72
(2) MIDF Investment	30.0	35.0	1.28	66.28
Total	50.0	55.0	2.00	107.0

^ The profit payments as at 22 September 2009 will be RM2.05 million of which only RM2.0 million will be settled by issuance of the Loan Stocks.

** HTMG is the Vendor in the Proposed Acquisition.

*** Dr. Lim Cheok Peng and Leow Thang Fong are the parties which have provided the Issuer with shareholders advances and are owed moneys by MISB respectively.

3. **Facility Description** : The RM254.85 Million Loan Stocks of up to RM235.85 Million Redeemable Convertible Secured Loan Stocks ("**RCSLS**") and up to RM19.0 Million Redeemable Convertible Unsecured Loan Stocks ("**RCULS**") comprising:-

- (i) Redeemable Convertible Secured Loan Stocks A ("**RCSLS-A**");
- (ii) Redeemable Convertible Secured Loan Stocks B ("**RCSLS-B**");

(The RCSLS-A and the RCSLS-B are collectively known as "**RCSLS**")

- (iii) Redeemable Convertible Unsecured Loan Stocks C1 ("**RCULS-C1**"); and
- (iv) Redeemable Convertible Unsecured Loan Stocks C2 ("**RCULS-C2**").

(The RCULS-C1 and the RCULS-C2 are collectively known as "**RCULS**").

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4. **Issue Size (RM)** : Up to RM254.85 million Loan Stocks comprising:-
- (i) Up to RM135.85 million RCSLS-A at nominal value of RM1.00 per RCSLS-A;
 - (ii) Up to RM100.0 million RCSLS-B at nominal value of RM1.00 per RCSLS-B;
 - (iii) Up to RM12.0 million RCULS-C1 at nominal value of RM1.00 per RCULS-C1; and
 - (iv) Up to RM7.0 million RCULS-C2 at nominal value of RM1.00 per RCULS-C2.
5. **Issue Price (RM)** : At 100% of the nominal value of the Loan Stocks
6. **Tenor of the facility/issue** : Seven (7) years from the date of issue and shall be extended for another seven (7) years provided there are outstanding Loan Stocks that have not been redeemed or converted upon the expiry of the first seven (7) years. The final maturity date of the Loan Stocks is the date at the end of 14 years from the date of issuance.
7. **Coupon rate (%)** :
- (i) **RCSLS-A**
Nil
 - (ii) **RCSLS-B**
2.50% per annum
 - (iii) **RCULS-C1**
2.50% per annum
 - (iv) **RCULS-C2**
Nil
8. **Coupon payment frequency** : Coupon on the RCSLS-B and RCULS-C1 shall be payable annually in arrears subject to availability of cashflow (as determined under paragraph 25(i)(1)), otherwise, will be cumulated until the Issuer has sufficient funds to settle the accumulated coupon payments.
In any event of redemption, all coupons accumulated up to the date would have been settled by the Issuer. In any event of conversion, the coupon, accruing up to

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- the date of the conversion will be cumulated and paid in accordance with paragraph 25(i)(1).
9. **Coupon payment basis** : Coupon payments on the RCSLS-B and RCULS-C1 are on an actual over 365-day basis.
10. **Yield to Maturity** :
- (i) **RCSLS-A**
Nil
 - (ii) **RCSLS-B**
2.50% per annum on assumption that the coupon is paid in the current year and not accumulated
 - (iii) **RCULS-C1**
2.50% per annum on assumption that the coupon is paid in the current year and not accumulated
 - (iv) **RCULS-C2**
Nil
11. **Security / Collateral** :
- (i) **RCSLS**
Upon redemption of the existing IMTN and/or MUNIF, the RCSLS are to be secured by:
 - (1) A first legal charge over the entire issued and paid-up share capital of Astique Medical Pte Ltd ("**AMPL**"), Maxglobe and Eastlife, companies incorporated in Singapore except that any new securities issued by AMPL or Maxglobe or Eastlife as the case may be, arising from future acquisition and/or mergers shall not form part of the securities to be charged; and
 - (2) A first debenture covering fixed and floating charges over all present and future assets of the Issuer.

Notes:

- (a) Pending discharge of the existing legal charge and debenture in favour of the Trustee for the IMTN/MUNIF holders, the first legal charge on AMPL shares and first debenture under the above item (1) and (2) respectively shall initially be ranked second.

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(b) The security on the above shares secured by the charge and debenture shall be discharged by the holders of the RCCLS upon the occurrence of a Liquidity Event as defined under paragraph 25(ii) and confirmed by an independent adviser that such discharge is necessary to complete the Liquidity Event or where agreed to by all Loan Stock Holders.

(ii) RCULS

Unsecured.

12. **Details on utilisation of proceeds** : The Loan Stocks shall be issued for the following purposes:

	Description	RCCLS- A (RM mil)	RCCLS- B (RM mil)	RCULS (RM mil)
(1)	To finance the purchase consideration of the Proposed Acquisition.	78.85	50.00	-
(2)	i) For repayment/ settlement of outstanding principal payment due and payable for the outstanding MUNIF and IMTN issued by MISB*; and ii) Partial settlement of Profit Payment for IMTN agreed to be capitalized^.	57.00 -	48.00 2.00	- -
(3)	For settlement of outstanding shareholders advances and indebtedness.	-	-	19.0
	Total	135.85	100.0	19.0

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- ^ The profit payments as at 22 September 2009 will be RM2.05 million of which only RM2.0 million will be settled by issuance of the Loan Stocks.
- * The actual settlement amount for the MUNIF/IMTN shall be based on a redemption/ undertaking letter to be issued by the facility agent/security trustee (as the case may be) of the existing IMTN/MUNIF.
13. **Sinking fund (if any)** : Not applicable. No sinking fund will be established.
14. **Rating** : Not applicable.
- Credit rating assigned** : Since the Loan Stocks are non-transferable and non-tradable and the Placees/Subscribers do not require the Loan Stocks to be rated, rating is not applicable to the Loan Stocks.
- Name of rating agency** : Not applicable
15. **Form and Denomination** : The Loan Stocks shall be represented by Global Certificates in bearer form to be deposited with BNM and may be exchanged for Definitive Certificates only in certain limited circumstances. The Loan Stocks will be issued in denomination of RM1.00 each and multiples thereof.
16. **Mode of Issue** : Direct placement to the Placees/Subscribers without prospectus. The Loan Stocks shall be issued in accordance to:
- (i) the Rules on the Scripless Securities under the Real Time Electronic Transfer of Funds and Securities ("RENTAS") System maintained and operated by BNM; and/or
- (ii) the Rules on Fully Automated System for Issuing/Tendering ("FAST") maintained and operated by BNM.
17. **Selling Restriction** : The Loan Stocks may not be offered, sold or delivered directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within Section 4(6) of the Companies Act, 1965. The Loan Stocks are non-transferable and non-tradable.
18. **Listing Status** : The Loan Stocks will not be listed on Bursa Securities or any other stock exchange.

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19. **Minimum Level of Subscription** : 100%
20. **Other Regulatory Approvals** : The Issuer will be applying for the prior permission of the Pengarah, Jabatan Pentadbiran Pertukaran Asing, Bank Negara Malaysia for the issuance of the Loan Stocks to HTMG.
21. **Conditions Precedent** : The issuance of the Loan Stocks shall be subject to the following conditions precedent:
- A. Main Documentation
- i) All Transaction Documents have been executed and are in form and substance satisfactory to the JPAs/JLAs and in full force and effect, all conditions thereto having been satisfied and all related notices, acknowledgement, registrations, filing and other related matters having been made save and except for the perfection of charges in respect of shares in Maxglobe and Eastlife;
- B. The Issuer
- i) Receipt by the JPAs/JLAs of a certified true copy or certified true extract of the Board of Directors' Resolution of the Issuer authorising the issuance of the Loan Stocks and the appointment of authorised signatories in respect thereof and the execution of all relevant documents and if required the affixation of the common seal onto the relevant documents;
- ii) Receipt by the JPAs/JLAs of a certified true copy or certified true extract of the Shareholders' Resolution of the Issuer authorising the issuance of the Loan Stocks and the appointment of authorised signatories in respect thereof and the execution of all relevant documents and if required the affixation of the common seal onto the relevant documents;

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- iii) Receipt by the JPAs/JLAs of a certified true copy of the Issuer's Certificate of Incorporation, latest Memorandum and Articles of Association together with all Forms 24 and the latest Form 49 and Form 44 incorporating, inter alia, the increase of the authorised capital of the Issuer to such level where conversions of the Loan Stocks to ordinary shares can take place without further increase of authorised capital;
- iv) Receipt by the JPAs/JLAs of a written confirmation from the Issuer that (a) in respect of the MUNIF/IMTN, no event of default is declared and (b) in any other case, no event of default has occurred or is continuing or will occur as a result of issuance of the Loan Stocks;

C. General

- i) Receipt by the JPAs/JLAs of the approval of Securities Commission ("**SC**") in relation to the issuance of the Loan Stocks;
- ii) Completion of due diligence on Maxglobe and Eastlife to the satisfaction of the JPAs/JLAs;
- iii) Receipt by the JPAs/JLAs of a confirmation from MISB that the existing shareholders advances and indebtedness as at the date of the Transaction Documents amount to more than RM19.0 million and that there is no change in the amounts due to Dr. Lim Cheek Peng and Leow Thang Fong since the date of approval of the submission;
- iv) Receipt by the JPAs/JLAs of a redemption letter in respect of the outstanding IMTN and/or MUNIF ("**Redemption Letter**") from the facility agent of the IMTN/MUNIF;
- v) Receipt by the JPAs/JLAs of an undertaking letter from the existing trustee for the IMTN and/or MUNIF undertaking to release the security over the IMTN and/or MUNIF and deliver the discharge document upon receipt of the redemption amount set out in the Redemption Letter from the facility agent for the IMTN and/or MUNIF for the IMTN and/or MUNIF and to refund

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- the redemption sum if the discharge documents cannot be perfected;
- vi) Receipt by the JPAs/JLAs of the results of the company search on the Issuer and such results being satisfactory to the JPAs/JLAs;
 - vii) Receipt by the JPAs/JLAs of the results of the winding up searches on the Issuer and its subsidiary(ies) and such results being satisfactory to the JPAs/JLAs;
 - viii) Execution of the relevant share sale agreement between the Issuer and HTMG in relation to the Proposed Acquisition ("**Share Sale Agreement**") and the confirmation by the appointed solicitor and HTMG that the agreement(s) have become unconditional and that all conditions precedent have been satisfied and such confirmation being satisfactory to the JPAs/JLAs;
 - ix) Receipt by the JPAs/JLAs of a certified true copy of the Registration Confirmation (as defined in the Share Sale Agreement) confirming that the share transfers have been approved by the relevant companies;
 - x) Receipt by the JPAs/JLAs of an advice from its Singapore legal counsel confirming the capacity of HTMG to transfer the shares of Maxglobe and Eastlife to the Issuer in exchange for the Loan Stocks and the enforceability of the Share Sale Agreement;
 - xi) All due diligence exercise deemed necessary including on Maxglobe and Eastlife have been undertaken/conducted to the satisfaction of the JPAs/JLAs;
 - xii) Receipt by the JPAs/JLAs of a legal opinion and confirmation from the Solicitors as to the legality, validity and enforceability of the Transaction Documents and its terms and conditions (as defined herein) save and except for the perfection of charges in respect of shares in Maxglobe and Eastlife and that the conditions precedent have been complied with or waived;
 - xiii) Receipt by the JPAs/JLAs of a certified true copy of the share certificates in the Issuer issued in favour of HTMG for 1,000 ordinary shares; and

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xiv) Fulfilment of any other conditions as may be reasonably advised by the Solicitors and incorporated in the Transaction Documents.

22. Representations and Warranties : As long as any of the Loan Stocks remain outstanding, the Issuer shall represent and warrant to the Trustee, inter alia, that:-

- i) **Status:** The Issuer is a company duly established and existing under Malaysian law and it has the power and authority to enter into the business in which it is or proposes to be engaged;
- ii) **Powers:** The Issuer has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents and the Sale & Purchase Agreement(s);
- iii) **Authorisations:** All necessary actions, authorisations and consents required by that date under the respective documents relating to the Loan Stocks have been taken, fulfilled and obtained and remain in full force and effect;
- iv) **Non-violation:** The Issuer's entry into, exercise of its rights under, and performance of the Transaction Documents, to which it is a party do not and will not violate any existing law;
- v) **Binding Obligations:** The Transaction Documents create valid and binding obligations which are enforceable on and against the Issuer and the relevant security parties;
- vi) **Security:** The Issuer's assets are free of all encumbrances except as disclosed in writing to the JLAs prior to the execution of the Transaction Documents;
- vii) **Accounts:** The Issuer's audited accounts will be prepared in accordance with generally accepted accounting principles and standards in Malaysia. The financial statements will give a true and fair view of the results of its operations for that year and the state of its affairs at that date;

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- viii) **Litigation:** Save as disclosed in writing to the JLAs on or before the execution of the Transaction Documents, there is no litigation or arbitration which is current or, to the Issuer's knowledge, which if adversely determined would have a material adverse effect on the ability of the Issuer or any of the security parties to perform their respective obligations under the Transaction Documents;
 - ix) **Tax:** No tax liabilities of any kind on the part of the Issuer are outstanding in payments and all computations and payments that should be or should have been made to the Department of Inland Revenue or other relevant authorities have been made within the requisite periods and are up-to-date, correct and made on a proper basis without any disputes with the Department of Inland Revenue and other relevant authorities; and
 - x) Such other representations and warranties as may be reasonably advised by the Solicitors.
23. **Events of Default** : Standard Events of Default clauses shall apply, including but not limited to the following:
- i) **Non-Payment:** Failure by the Issuer to pay any amount due and payable under any of the Loan Stocks;
 - ii) **Breach of Obligations:** Breach of covenants or representations and warranties under any of the documents relating to the Loan Stocks other than an obligation of the type referred to in item (i) above and the Issuer fails to remedy such breach within the agreed cure period;
 - iii) **Fees:** Failure by the Issuer to pay fees and other charges due and payable under any of the Loan Stocks;
 - iv) **Cross Default:** Any other debts of the Issuer or its subsidiaries become due and payable prior to their stated maturity or the Issuer or any of its subsidiaries cross defaults on other debts of the Issuer or its subsidiaries or the security created for such indebtedness becomes enforceable. Any call on guarantees / indemnities granted by the Issuer and/or any of its subsidiaries shall constitute a cross default;

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- v) **Winding Up:** A resolution being passed or court order made for the winding up of the Issuer or any of its subsidiaries;
- vi) **Scheme of Arrangement:** A scheme of arrangement under Section 176 of the Companies Act 1965 being instituted against the Issuer or any of its subsidiaries, save and except if such scheme is instituted solely for the purpose of Liquidity Event;
- vii) **Receivership:** A receiver being appointed over the whole or a substantial part of the assets of the Issuer or any of its subsidiaries;
- viii) **Insolvency:** The Issuer becomes unable to pay its debt within the meaning of Section 218(2) of the Companies Act, 1965 or becomes unable to pay its debts as they fall due or suspends or threatens to suspend making payments (whether interest or principal) with respect to all or any class of its debts;
- ix) **Analogous event:** any event occurs which under the laws of Malaysia has an analogous effect to any of the events referred to in paragraphs (v) to (viii) above;
- x) **Change in Condition:** Material adverse change in the condition (financial or otherwise) of the Issuer or any security party that impairs or prejudices the Issuer's or any security party's ability to comply with the terms and conditions of any of the Transaction Documents;
- xi) **Authorisations:** revocation, withholding or modification of a licence, authorisation or approval that impairs or prejudices the Issuer's or any security party's ability to comply with the terms and conditions of any of the Transaction Documents; and
- xii) Such other events of default as may be reasonably advised by the Solicitors.

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Should an Event of Default occur, (a) the RCSLS holders shall have recourse to the Security/Collateral as set out in paragraph 11 of this Principal Terms and Conditions and (b) the RCSLS holders and the RCULS holders shall have the rights as set out under the Transaction Documents.

24. Principal terms and conditions for warrants (where applicable) : Not applicable

25. Other Principal Terms and Conditions

(i) Payment of coupon and principal redemption : 1) Payment of coupon on the RCSLS-B and RCULS-C1 and principal of the Loan Stocks shall only be made by the Issuer based on up to 50% of net operating cash flow i.e. net of capital expansion and investment achieved during the financial year, where the amount shall be utilised to repay in the following priority of payments;

- (a) firstly, all coupons due and/or cumulated on the RCSLS-B and RCULS-C1 proportionately;
- (b) secondly, redemption of the RCSLS-B and RCULS-C1 proportionately; and
- (c) thirdly, redemption of the RCSLS-A, RCPS and RCULS-C2 proportionately.

2) The actual amount to be utilised for the above (save and except redemption arising from conversion by the holders) shall be finalised not later than 6 months after the end of the preceding financial year based on the audited accounts of the Issuer and if the audited accounts are not available, based on the latest management accounts of the Issuer for the preceding financial year acceptable to the Loan Stocks holders.

(ii) Liquidity Event : Liquidity Event means:

- i) any public offering;
- ii) any sale of business or assets of the Issuer involving at least 50% of the net asset value ("NAV") of the Issuer and its subsidiaries; or
- iii) any share sale of the Issuer involving at least 50% of the NAV of the Issuer and its subsidiaries; resulting in Mandatory Conversion (at paragraph 25(v) below).

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- (iii) **Conversion Rights** : Each registered holder of the Loan Stocks shall have the right to convert the Loan Stocks into fully paid up new ordinary shares of RM1.00 each in MISB at the Conversion Price at any time during the Conversion Period.
- (iv) **Conversion Period** : The Loan Stocks may be converted into fully paid-up new ordinary shares of RM1.00 each in MISB, at the option of the holders, on any day from Monday to Friday that is not a public holiday in Kuala Lumpur ("**Business Day**") after the issue date of the Loan Stocks up to and including the maturity date. The final maturity date of the Loan Stocks is the date at the end of 14 years from the date of issuance. Any outstanding Loan Stock which has not been converted must be redeemed on the final maturity date.
- (v) **Mandatory Conversion** : Upon the occurrence of any Liquidity Event, MISB shall have the right to require the holders of RCSLS-A, RCULS-C2 and RCPS to fully convert the nominal value into new ordinary shares of RM1.00 each in MISB. For avoidance of doubt, there will be no mandatory conversion for RCSLS-B and RCULS-C1. The holders of RCSLS-B and RCULS-C1 may however convert the Loan Stocks in accordance with paragraph 25(iii) above. Any outstanding RCSLS-B and/or RCULS-C1 which has not been converted must be redeemed on the final maturity date.
- (vi) **Conversion Price** : Each nominal value of Loan Stocks is convertible into fully paid up new ordinary shares of RM1.00 of MISB at a conversion price of RM1.00 each. The Conversion Price is subject to adjustments under certain circumstances in accordance with the provisions of the Trust Deed.
- (vii) **Mode of Conversion** : The Conversion Price shall be satisfied by surrendering for cancellation by MISB the Loan Stocks with an aggregate nominal value equivalent to the Conversion Price. Any fractional shares arising from the conversion of the Loan Stocks shall be disregarded.
- (viii) **Status** : **RCSLS**
The RCSLS shall constitute direct, unconditional and secured obligations of MISB and subject to the provisions contained in the Trust Deed, must at all times rank pari passu, without discrimination, preference or priority between themselves and must

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rank in priority to all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of MISB except those which are preferred by law.

RCULS

The RCULS shall constitute direct, unconditional and unsecured obligations of MISB and subject to the provisions contained in the Trust Deed, must at all times rank pari passu, without discrimination, preference or priority between themselves and all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of MISB except those which are preferred by law.

Upon enforcement of Security/Collateral

On recourse to and upon enforcement of the Security/Collateral as set out in paragraph 12 of this Principal Terms and Conditions and also under the Transaction Documents, the amount received shall be utilised to repay in the following priority of payments:

- (a) firstly, all coupons due and cumulated on the RCCLS-B;
- (b) secondly, towards amount due and redemption of the RCCLS proportionately;
- (c) thirdly, all coupons due and cumulated on the RCULS-C1;
- (d) fourthly, towards amount due and redemption of RCULS; and
- (e) fifthly, towards amount due and redemption of RCPS.

- (ix) **Status of new shares arising from the conversion of the Loan Stocks** : The new ordinary shares of RM1.00 each in MISB to be issued upon conversion of the Loan Stocks shall upon allotment and issue, rank pari passu in all respects with the then existing issued ordinary shares of RM1.00 each in MISB save that they shall not be entitled for any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the new ordinary shares of RM1.00 each in MISB pursuant to the conversion of the Loan Stocks.
- (x) **Positive Covenants** : Such covenants customary to the issuance of this nature and/or as advised by the Solicitors including that the Issuer must:-
- i) comply with the provisions of the Trust Deed and the terms and conditions of the Loan Stocks;

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- ii) give to the Trustee any information which the Trustee may require in order to discharge its duties and obligations as trustee under the Trust Deed relating to the Issuer's affairs to the extent permitted by law;
 - iii) exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others, that all necessary approvals or relevant licences are obtained;
 - iv) maintain a Paying Agent in Malaysia;
 - v) procure that the Paying Agent shall notify the Trustee in the event that the Paying Agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Loan Stocks; and
 - vi) keep proper books and accounts at all times and to provide the Trustee and any person appointed by it (e.g. auditors) access to such books and accounts.
- (xi) **Negative Covenants** : Such covenants customary to the issuance of this nature and/or as advised by the Solicitors including that the Issuer must not, without the prior written consent of the Trustee:-
- i) do or permit any act or omission whereby the Issuer would cease to be domicile or resident (for the purposes of taxation jurisdiction) in Malaysia; and
 - ii) enter into a transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or persons connected with them) unless:-
 - a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
 - b) with respect to transactions involving an aggregate payment or value equal to or greater than an agreed sum, the borrower obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

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PROVIDED that the Issuer certifies to the trustee that the transaction complies with paragraph (1), that the borrower has received the certification referred to in paragraph (2) (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.

- (xii) **Reporting Covenants** : Such covenants customary to the issuance of this nature and/or as advised by the Solicitors including that the Issuer must:-
- i) immediately notify the Trustee of:-
 - a) any Event of Default or that such other right or remedy under the terms, provisions and covenants of the Loan Stocks or the Trust Deed have become immediately enforceable;
 - b) any change in the persons or signatories of the Issuer who are authorised to act for and on behalf of the Issuer in respect of the Loan Stocks or the Trust Deed;
 - c) any change in its Directors or management structure;
 - d) any circumstances that has occurred that would materially prejudice the Issuer;
 - e) any substantial change in the nature of the business of the Issuer;
 - f) any change in the withholding tax position or taxing jurisdiction of the Issuer insofar it affects the payment obligations of the Issuer under the Trust Deed or the Loan Stocks; and
 - g) any change in the utilisation of proceeds from the debentures where any agreement entered into in connection with the issue, offer or invitation sets out a specific purpose for which proceeds are to be utilised; and
 - h) any other matter that may materially prejudice the interests of the Loan Stockholders;
 - ii) as soon as available but in any event at a date not later than 180 days after the end of each financial year of the Issuer –

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- a) provide the Trustee sufficient copies of its financial statements (including a profit and loss account and a balance sheet, for the Issuer and also for the Issuer Group on a consolidated basis) for that financial year audited and certified by its Auditors; and
 - b) deliver to the Trustee, together with the financial statements referred to in paragraph a), a certificate from the Issuer in the agreed format certifying that, to the best of the knowledge, information and belief of the Issuer, as at a date (Certification Date) being not more than seven (7) days before the date of the certificate that (i) the Issuer has complied with all its obligations under the Trust Deed and the provisions of the Loan Stocks; and (ii) there did not exist or had not existed from the Issue Date or the date of such previous certificate, as the case may be, any Event of Default and if there did exist and had existed from the Issue Date or the date of such previous certificate, as the case may be, any Event of Default, to specify the same.
- (xiii) **Transaction Documents** : i) Facility Agreement for the Loan Stocks;
 ii) Depository and Paying Agency Agreement;
 iii) Trust Deed for the Loan Stocks;
 iv) Charge over Shares of AMPL, Maxglobe and Eastlife together with a power of attorney;
 v) Debenture over present and future assets of Issuer; and
 vi) Any such other relevant documents as advised by the Solicitors.
- (xiv) **Withholdings and deductions** : All payments by the Issuer shall be made with withholding or deductions for or on account of any tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia as required by law.
- (xv) **Transaction Costs** : All costs and expenses related to the transaction shall be borne by the Issuer.

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- (xvi) **Trust Deed** : The Loan Stocks shall be constituted by a trust deed to be executed by the Issuer and an authorised trustee acting for the benefit of the holders of the Loan Stocks.

- (xvii) **Governing Laws** : The Loan Stocks will be governed under the laws of Malaysia. The Transaction Documents will be governed by the laws of Malaysia save and except for the Charge over Shares of AMPL, Maxglobe and Eastlife together with a power of attorney will be governed by the laws of Singapore.