

PENGERANG LNG (TWO) SDN. BHD.

**PROPOSED ISSUANCE OF ISLAMIC MEDIUM TERM NOTES (“SUKUK MURABAHAH”)
PURSUANT TO AN ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM3.0
BILLION IN NOMINAL VALUE BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH
(VIA TAWARRUQ ARRANGEMENT) (“SUKUK MURABAHAH PROGRAMME”)**

Other terms and conditions:

- (i) Details on utilisation of proceeds by Issuer : The proceeds from the Sukuk Murabahah Programme shall be utilised for the following Shariah-compliant purposes: -
- (a) repayment of shareholders’ advances and/or redemption of redeemable preference shares including any associated costs. For the avoidance of doubt, any utilisation for this purpose other than from proceeds of the first issuance shall be subject to the Issuer’s ability to make Restricted Payments; and/or
 - (b) payment towards prepayment of the Jetty Usage Agreement dated 28.02.2017 entered into between Pengerang Terminals (Two) Sdn. Bhd. and the Issuer (“**Jetty Usage Agreement**”) subject to agreement by the parties and the necessary approvals being obtained and/ or towards payment obligations under the Jetty Usage Agreement; and/or
 - (c) working capital, capital expenditure and general corporate expenditure purposes and to fund the FSRA.
- (ii) Issue price : The Sukuk Murabahah may be issued at par, at a premium or at a discount to the nominal value, subject to the PayNet Rules and Procedures (as defined below), as amended or substituted from time to time.
- “**PayNet Rules and Procedures**” refers to (1) the Participation and Operation Rules for Payments and Securities Services issued by Payments Network Malaysia Sdn Bhd (“**PayNet**”) and (2) the Operational Procedures for Securities Services” issued by PayNet, or their replacement thereof, applicable from time to time.
- (iii) Identified asset/ Trust asset : Shariah-compliant commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform, Bursa Suq al-Sila’ and/or such other independent commodity trading platform(s) acceptable to the Shariah Adviser, which will be identified on or prior to each issuance of the Sukuk Murabahah.
- (iv) Purchase and selling price/rental : Purchase Price:
- The Purchase Price shall be equal to the proceeds of the Sukuk Murabahah. The Purchase Price shall be in compliance with the asset pricing requirements as set out in the SC LOLA Guidelines.

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Deferred Sale Price:

The Deferred Sale Price shall be the Purchase Price plus the applicable Profit Margin payable on a deferred basis.

(v) Tenor of the Sukuk Murabahah : The tenor of the Sukuk Murabahah shall be at least one (1) year and up to twenty (20) years, provided that the Sukuk Murabahah mature prior to the expiry of the Sukuk Murabahah Programme.

(vi) Profit/ coupon/ rental rate (fixed or floating) : For Sukuk Murabahah with Periodic Distributions, the periodic distribution rate (“**Periodic Distribution Rate**”) shall be fixed rate basis and shall be determined prior to each issuance of Sukuk Murabahah.

The Periodic Distribution Rate is not applicable for Sukuk Murabahah without Periodic Distributions.

(vii) Profit/ coupon/ rental payment frequency : For Sukuk Murabahah with Periodic Distributions, the payment frequency of the Periodic Distributions shall be semi-annual or such other period in arrears (“**Periodic Distribution Date**”) as determined prior to each issuance of Sukuk Murabahah.

Not applicable for Sukuk Murabahah without Periodic Distributions.

(viii) Profit/ coupon/ rental payment basis : For Sukuk Murabahah with Periodic Distributions, the Periodic Distributions shall be calculated on the basis of the actual/365 days (“**Periodic Distribution Basis**”).

Not applicable for Sukuk Murabahah without Periodic Distributions.

(ix) Status : The Sukuk Murabahah shall constitute direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu, without any discrimination, preference or priority among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of Issuer subject to those preferred by law and the provisions of the Transaction Documents.

(x) Redemption : Unless previously purchased and cancelled, the Sukuk Murabahah will be redeemed by the Issuer at 100% of their nominal value on their respective Maturity Dates or upon declaration of an Event of Default, whichever is earlier.

(xi) Form and denomination : Each tranche of the Sukuk Murabahah shall be issued in accordance with PayNet Rules and Procedures.

Form

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Each tranche of the Sukuk Murabahah shall be represented by a global certificate to be deposited with BNM, and is exchangeable for definitive bearer form only in certain limited circumstances.

Denomination

The denomination of the Sukuk Murabahah shall be RM1,000.00 or in multiples of RM1,000.00 at the time of issuance.

- (xii) Transaction Documents : **“Transaction Documents”** shall comprise, inter alia:
- (i) Programme Agreement;
 - (ii) Trust Deed;
 - (iii) Security Trust Deed;
 - (iv) Securities Lodgement Form;
 - (v) Security Document;
 - (vi) each Subscription Agreement; and
 - (vii) agreements in respect of the underlying Shariah principle.
- (xiii) No payment of Interest : For the avoidance of doubt and notwithstanding any other provision to the contrary herein contained, it is agreed and declared that nothing in these terms and conditions and the Transaction Documents shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to these terms and conditions, the Transaction Documents and the parties hereby expressly waive and reject any entitlement to recover such interest.
- (xiv) Taxation : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer shall not be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made. For the avoidance of doubt, there will be no obligation for the Issuer to gross up in the event of any deduction required to be deducted or made for the account of any Sukukholder.
- (xv) Sukuk Trustees’ Reimbursement Account : A Sukuk Trustees’ Reimbursement Account shall be opened by or on behalf of the Issuer with credit balance of no less than RM30,000.00, which shall be maintained by the Sukuk Trustee throughout the tenure of the Sukuk Murabahah Programme.

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The Sukuk Trustees’ Reimbursement Account shall be operated solely by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of any Event of Default in the manner as provided in the Transaction Documents.

Any unutilised monies in the Sukuk Trustees’ Reimbursement Account shall be returned to the Issuer upon the expiry of the Sukuk Murabahah Programme if no Event of Default takes place.

- (xvi) Other conditions : The Sukuk Murabahah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Sukuk Murabahah, and the PayNet Rules and Procedures.
- (xvii) Jurisdiction : The Issuer shall irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Malaysia.