MURABAHAH COMMERCIAL PAPERS PROGRAMME OF UP TO RM400.0 MILLION

SUMMARY OF PRINCIPAL TERMS & CONDITIONS

Issuer
Perbadanan Kemajuan Negeri Selangor ("PKNS")

Arranger/ Lead Manager
Arab-Malaysian Merchant Bank Berhad ("AMMB")

Facility and Limit
RM400.0 Million Commercial Papers Programme comprising the issuance of non-interest bearing promissory notes ("CPs") under the Islamic financing principle of Murabahah ("CPs Programme")

The aggregate outstanding amount under the CPs Programme shall not exceed the amount to be raised of RM400.0 million at any point in time.

Description of Facility
The financing package herein is an Islamic Private Debt Securities programme ("Islamic PDS") comprising primarily the issuance of CPs of between one and twelve months maturity, applying the underlying Islamic financing principle of Murabahah (cost plus financing).

Within the maximum availability period of 7-years under the Facility, the Issuer may issue CPs at its option via a mutually pre-agreed tendering mechanism.

To facilitate the financing under the principle of Murabahah, the Investor(s) or the Facility Agent, as the case may be, shall first purchase from the Issuer certain identified asset(s) at an agreed Purchase Price. The said asset(s) shall subsequently be resold to the Issuer at a Selling Price which comprises the original Purchase Price and a profit margin agreed between the Issuer and the Investor(s). This Selling Price is payable by the Issuer in one lump sum at the end of the relevant maturity period.

The debt arising from the subsequent sale to the Issuer shall be evidenced and securitised by the issuance of negotiable and non-interest bearing promissory notes and may be traded in the secondary market under the Islamic financing principle of Bait Al-Dayn (debt trading).

Arab-Malaysian Merchant Bank Berhad
Identified Asset(s) for Sale & Purchase
To be determined. The value being ascribed to the Asset(s) or part or portion thereof to be sold by the Issuer in pursuance to the Murabahah transactions shall be acceptable to the Facility Agent.

Purpose
The proceeds shall be utilised as follows:
(i) up to RM370.0 million to repay the outstanding under the existing Islamic Revolving Underwritten Notes Issuance facility ("IRUIN") which is expiring on 2 February 2001; and
(ii) the balance thereafter is for working capital requirements.

Security
Clean

Availability Period
Up to seven (7) years from the date of the Facility Agreement.

Form, Mode of Payment & Denomination
Obligation by the Issuer on the settlement of the Selling Price is to be securitised and settled in full upon maturity of the respective non-interest bearing promissory notes issued. The CPs shall be issued in denominations of RM1.0 million each or such other denominations in accordance with the Rules on Fully Automated System for Tendering ("FAST") and/or any other relevant guidelines.

Maturity of Notes
One (1), three (3), six (6) or twelve (12) months Provided Always that the maturity date of the CPs shall not exceed the remaining tenure of the Availability Period under the Facility.

Redemption
The CPs will be redeemed at par on the respective maturity dates.

Purchase Price
To be determined from time to time prior to purchase of the identified asset(s) from the Issuer and the issuance of the CPs via FAST.

The CPs will be issued at a discount to face value and the price of each CP purchased shall be calculated in accordance with the computation of the Purchase Price as follows:

\[
\text{Purchase Price} = FV \times \left[ 1 - \frac{(r \times t)}{36500} \right]
\]

where,

- \( FV \) = Face value or maturity value of the Notes
- (i.e. the relevant Selling Price)
- \( r \) = Applicable yield or profit (expressed as percentage per annum)
- \( t \) = number of days to maturity of the Notes.

Allocation
Allocation of the CPs for Tender Panel Members shall be in order of descending Purchase Price tendered.

Arab-Malaysian Merchant Bank Berhad
To be determined from time to time prior to sale of the identified asset(s) back to the Issuer and to be satisfied by the issue of CPs.

Negotiable non-interest bearing unsecured promissory notes in bearer form issued at a discount to face value evidencing a promise by the Issuer to pay on specified dates the stated sums in Ringgit Malaysia based on the relevant Selling Price.

Arab-Malaysian Merchant Bank Bhd ("AMMB")

A selection of financial institutions licensed under the Banking and Financial Institutions Act 1989 ("BAIFA") and/or Islamic Banking Act 1983, insurance companies registered under the Insurance Act 1996 and such other persons as specified in each of Schedule 2 and Schedule 5 of the Securities Commission Act 1993 (as amended) but excluding persons described in paragraph 6.7 and 8 of Schedule 5 of the Securities Commission Act 1993 (as amended). The composition of the Tender Panel may be varied by the Issuer from time to time in consultation with the Facility Agent.

AMMB and/or the TPMs, as the case may be.

The CPs shall be deposited with an approved depository agent and a safe custody receipt will be issued to Noteholders by the approved depository agent. No physical delivery of the CPs will be permitted.

Tender Panel Bidding whereby the Tender Panel Members will be invited to bid competitively for the yield and volume of the CPs in computing the Purchase Price. The tenders shall be processed by the Fully Automated System for Tendering ("FAST") and shall be governed by guidelines pertaining thereto issued and to be issued from time to time by BNM. In accordance with FAST, allocation of the CPs to bidders shall, unless otherwise instructed by the Issuer be in order of descending price bids. The Issuer may opt to terminate the issuance request in the event the tendered price bids being not acceptable to the same.

CPs 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 that are commonly specified in each of Schedule 2 and Schedule 5 of the Securities Commission Act 1993 (as amended) but excluding persons described in paragraph 6.7 and 8 of Schedule 5 of the Securities Commission Act 1993 (as amended).
Statutory Approval

The Facility shall be subject to the approval of the Securities Commission ("SC") in accordance with SC's "Guidelines on the Offering of Private Debt Securities" or any other authorities having jurisdiction over matters pertaining to the CPs issuance, where applicable.

Compensation for Late Payments

In the event of overdue payment of any sum covenanted to be paid, the Issuer shall pay compensation on such overdue amounts at the rate and in the manner prescribed by Bank Negara Malaysia's Syariah Council (or such other Syariah Council approved by Bank Negara Malaysia) and duly endorsed by Bank Negara Malaysia.

Events of Default

Standard events of default shall apply and shall include but not limited to default arising from non-payment of any indebtedness, breach of other material obligations, breach of representation and warranties, cross-default, insolvency, dissolution, illegality, rationalisation, material adverse circumstances and such other events which the solicitor may advise.

Conditions Precedent

Conditions precedent to the availability of the Facility shall include but not limited to the following:

i. All relevant security documents under the facility shall have been executed and all prescribed security therein shall be in full force and effect.

ii. The CPs shall have been issued a rating by an acceptable rating agency recognised by the SC and the Issuer shall have obtained an acceptable short-term rating of at least MARC/P1 from MARC/RAM, at the point of first issuance.

iii. The Issuer's Declaration on Compliance with the Guidelines on the Offerings of Private Debt Securities and other requirements of the Securities Commission Act 1993, where applicable.

iv. The approval or an acknowledgement from the Syariah Adviser(s) on the acceptability of the structure under the Facility.

Trust Deed

The CPs shall be constituted by a Trust Deed, which shall be administered by the Trustee, who shall act on behalf of the holders of the CPs.

Trustee

To be appointed by the Arranger and the Issuer.
The Facility shall be evidenced by documentation prepared by solicitors who will incorporate the terms and conditions herein and shall include such other terms and conditions standard for facilities of this nature including but not limited to events of default, assignment, appropriation and such other terms as may be advised by the solicitors.

The Issuer shall not without the prior written consent of the Noteholders acting by resolution (which consent shall not be unreasonably withheld) :-

i. Change its Memorandum & Articles of Association in any manner whatsoever (if applicable); and

ii. Substantially change the nature of its business

If, as a result of any change in applicable law or regulatory requirement or in the interpretation or application thereof or if compliance by the Tender Panel Members with any applicable direction, request or requirement (whether or not having the force of law) will impose on the Tender Panel Members any condition burden or obligation then the Tender Panel Members commitment to make or maintain the Facility will end upon notice to the Issuer of the happening of such event after becoming aware thereof.

All legal and professional fees, the cost of due diligence exercises, stamp duties, taxes and any other out-of-pocket expenses incurred pursuant to the Issuer’s acceptance of the Facility and for purposes of preparation/deposit of Information Memorandum and the preparation of security documentation (notwithstanding non-utilisation of the Facility by the Issuer) shall be borne by the Issuer. All costs and expenses incurred by the Manager/Arranger/Agent/ Tender Panel Members for and on behalf of the Issuer including legal costs on solicitor/client basis in enforcing any term or condition or in obtaining payment of any sum due and payable or any cost and expenses in relation to quit rent, assessments and insurances, etc. shall be for the account of the Issuer.

Pre-disbursement conditions, Covenants, Representation, Warranties & Undertakings and any such other terms and conditions standard for a notes issuance programme of this nature as advised by the appointed solicitors.