

PROPOSED ISSUANCE OF ISLAMIC MEDIUM TERM NOTES (“ASEAN GREEN SRI SUKUK WAKALAH”) OF RM260.0 MILLION IN NOMINAL VALUE

Other terms and conditions:										
(1)	Issue price : The ASEAN Green SRI Sukuk Wakalah may be issued at par, premium or discount to the nominal value and the issue price shall be determined prior to the issuance.									
(2)	Periodic Distribution Rate : The Periodic Distribution rate shall be a fixed rate to be determined and agreed between the Issuer and the Lead Manager prior to the date of issuance of the ASEAN Green SRI Sukuk Wakalah.									
(3)	Periodic Distribution payment frequency : The payment frequency of the Periodic Distribution payment of the ASEAN Green SRI Sukuk Wakalah shall be semi-annual.									
(4)	Periodic Distribution payment basis : The Periodic Distribution will be calculated based on the actual number of days elapsed over 365 days basis (actual/365 days) in accordance with the rules of PayNet.									
(5)	Tenure and availability period : The ASEAN Green SRI Sukuk Wakalah shall have a tenure of more than one (1) year and up to eighteen (18) years from the date of the issuance. The ASEAN Green SRI Sukuk Wakalah are available for issuance upon fulfilment or waiver of all conditions precedent to the satisfaction of the Lead Arranger and shall be issued within sixty (60) business days from the date of lodgement with the SC or such other extended period as allowed by the SC.									
(6)	Details on utilisation of proceeds by Issuer : Proceeds from the issuance of the ASEAN Green SRI Sukuk Wakalah shall be utilized for the following purpose:- <table border="1" data-bbox="694 1406 1404 1832"> <thead> <tr> <th>No</th> <th>Purpose</th> <th>Limit (RM, million)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>To pre-fund the Finance Service Reserve Account (“FSRA”) to meet the FSRA Minimum Required Balance (as defined under section entitled “<i>Details of designated accounts, if applicable</i>” above)</td> <td>Up to 12.0*</td> </tr> <tr> <td>2.</td> <td>To pay all fees and expenses in relation to the ASEAN Green SRI Sukuk Wakalah</td> <td>Up to 2.0</td> </tr> </tbody> </table>	No	Purpose	Limit (RM, million)	1.	To pre-fund the Finance Service Reserve Account (“FSRA”) to meet the FSRA Minimum Required Balance (as defined under section entitled “ <i>Details of designated accounts, if applicable</i> ” above)	Up to 12.0*	2.	To pay all fees and expenses in relation to the ASEAN Green SRI Sukuk Wakalah	Up to 2.0
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1.	To pre-fund the Finance Service Reserve Account (“FSRA”) to meet the FSRA Minimum Required Balance (as defined under section entitled “ <i>Details of designated accounts, if applicable</i> ” above)	Up to 12.0*								
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			<table border="1"> <tr> <td>3.</td> <td>To part-finance and/or part-reimburse the total development costs of (a) 29MWac solar project in Kuala Muda, Kedah by LSE I and (b) 20MWac solar project in Kuala Muda, Kedah by LSE II (collectively, “Project”)</td> <td>Balance</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total</td> <td>260.0</td> </tr> </table> <p>* subject to change based on the actual Periodic Distribution rates on issuance date</p> <p>Note: Any unutilized amounts from Purpose (1) and (2) may be utilized under Purpose (3).</p> <p>For avoidance of doubt, purpose (3) above can be used for payment(s) towards partial or full settlement of any external borrowings and/or advances by the Sponsor, undertaken to finance the total development costs of LSE I and LSE II, so long as pursuant to the repayment and/or reimbursement, the F:E Ratio (as defined under section entitled “<i>Financial Covenants</i>” above) of 80:20 is maintained at all times. Under such circumstances where the repayment of advances by the Sponsor is via a ‘one-off’ dividend distribution, this ‘one-off’ dividend distribution shall be excluded from the Dividend Distribution Test (as defined item 11 under the section entitled “<i>Other terms and conditions – Dividend Distribution Test</i>”).</p>	3.	To part-finance and/or part-reimburse the total development costs of (a) 29MWac solar project in Kuala Muda, Kedah by LSE I and (b) 20MWac solar project in Kuala Muda, Kedah by LSE II (collectively, “ Project ”)	Balance	Total		260.0
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Total		260.0							
(7)	Status	:	The ASEAN Green SRI Sukuk Wakalah shall constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time, subject to those preferred by law.						
(8)	Form and denomination	:	<p><u>Form:</u></p> <p>The ASEAN Green SRI Sukuk Wakalah will be issued in bearer form and represented at all times by global certificates to be deposited with BNM (exchangeable for definitive certificates only in limited circumstances as provided in the Trust Deed) and will be prescribed under the (1) Participation and Operation Rules for Payment and Securities Services issued by PayNet (“PayNet Rules”) and (2) the Operational Procedures for Securities Services (“PayNet Procedures”), or their replacement thereof (collectively, “PayNet Rules and Procedures”).</p>						

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			<p>The ASEAN Green SRI Sukuk Wakalah shall be prescribed and be reported under the PayNet Rules and Procedures and shall comply with all rules and requirements set out by PayNet/BNM.</p> <p><u>Denomination:</u></p> <p>The ASEAN Green SRI Sukuk Wakalah shall be issued in the denomination of RM1,000.00 each and in multiples of RM1,000.00 thereof or such other denomination as may be mutually agreed between the Issuer, the Lead Arranger and the Facility Agent at the time of issuance.</p>
(9)	Taxation	:	<p>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 the Government 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 be required to make payment of such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deduction is made.</p>
(10)	Sukuk Trustee’s Reimbursement Account	:	<p>The Sukuk Trustee shall open and maintain an account designated as “Trustees’ Reimbursement Account for Debenture holders’ Actions” (“Sukuk Trustees’ Reimbursement Account”) (as required under the SC’s Trust Deed Guidelines, in which a sum of RM30,000.00 is to be deposited (“Sukuk Trustees’ Reimbursement Deposit”). The Sukuk Trustees’ Reimbursement Account shall be operated solely by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee for the purpose of carrying out its duties in relation to the occurrence of events of default which are provided in the Trust Deed.</p> <p>The sum of RM30,000.00 in the Sukuk Trustees’ Reimbursement Account shall be maintained at all times throughout the tenure of the ASEAN Green SRI Sukuk Wakalah.</p> <p>For the avoidance of doubt, the proceeds for the Sukuk Trustee’s Reimbursement Account shall be derived from the issuance proceeds of the issuance under the ASEAN Green SRI Sukuk Wakalah.</p>
(11)	Definitions	:	<p>“Eligible ASEAN Green SRI Projects” means any projects and/or assets deemed as an eligible sustainable</p>

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		<p>and responsible investment project in all sectors pursuant to paragraphs 7.07 and 7.08 of Part 3 of Section B of the LOLA Guidelines and section 4.1.5 the ASEAN Green Bond Standards.</p> <p>“EPC Contract” means collectively,</p> <p>(i) the engineering, procurement and construction contract dated 8 August 2017 entered into between LSE I and TNB Engineering Corporation Sdn Bhd and ERS Energy Sdn Bhd (as may be amended or supplemented from time to time); and</p> <p>(ii) the engineering, procurement and construction contract dated 23 November 2018 entered into between LSE II and Plus Solar Systems Sdn Bhd (as may be amended or supplemented from time to time),</p> <p>and “EPC Contract” shall where the context so requires be a reference to any one or more of them.</p> <p>“Event of Total Loss” means any damage to all or any substantial part of the project of the Project Company which results in a Takaful/insurance settlement with respect thereto on the basis of a total loss, or a constructive total loss or agreed total loss, pursuant to the terms of and conditions of the Takaful/insurance maintained by the Project Company (or any contractor) in respect thereof, or any other damage to all or any substantial part of the project which results or, in the opinion of the Sukuk Trustee, will result in the same being permanently unfit for use.</p> <p>“Financing Documents” means collectively, the following:</p> <p>(i) Facility Agreement;</p> <p>(ii) Trust Deed;</p> <p>(iii) Security Trust Deed;</p> <p>(iv) Wakalah Agreement;</p> <p>(v) Subscription Agreement</p> <p>(vi) Commodities Murabahah Investment Agreement</p> <p>(vii) Sub-Agency Agreement;</p> <p>(viii) Sale Agency Agreement;</p> <p>(ix) Purchase Order(s);</p> <p>(x) Purchase Undertaking;</p> <p>(xi) Sale Undertaking</p> <p>(xii) CTP Purchase Agreement;</p> <p>(xiii) CTP Sale Agreement;</p> <p>(xiv) Sale and Purchase Agreement(s);</p> <p>(xv) the Securities Lodgement Form;</p> <p>(xvi) the Security Documents;</p>
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		<p>(xvii) Global Certificates and the Definitive Certificates (if applicable); and</p> <p>(xviii) any other document (whenever executed) designated as such in writing by the Issuer and the Lead Arranger.</p> <p>“Material Adverse Effect” means the effect of any event or circumstance which is or could reasonably have a material adverse effect on:</p> <p>(i) the business, operations, property, condition (financial or otherwise) or prospect of the Issuer/ Project Company;</p> <p>(ii) the ability of the Issuer to perform any of its obligations under any of the Transaction Documents; or</p> <p>(iii) the legality, validity or enforceability of the Transaction Documents or the rights or remedies of any secured party thereunder.</p> <p>“Permitted Indebtedness” means:</p> <p>(i) the existing bank guarantee facility taken by the Project Company with HSBC Bank Berhad;</p> <p>(ii) the existing hire purchase financing taken by LSE I with Malayan Banking Berhad; and</p> <p>(iii) any shareholder’s loans and advances.</p> <p>“Permitted Security Interest” means security interest pursuant to the Transaction Documents or security interest created pursuant to the Permitted Indebtedness or liens arising in the ordinary course of business by operation of law and not by way of contract.</p> <p>“Potential Event of Default” means any event or circumstance which, with the given of notice, the making of any determination by the Sukuk Trustee (where the factual circumstances permit the making of such determination) or the expiry of any grace period (or any combination of the above), and on the basis that it is still continuing, would become an Event of Default.</p> <p>“Project Company” shall mean:</p> <p>(i) Leader Solar Energy Sdn Bhd (“LSE I”); and</p> <p>(ii) Leader Solar Energy II Sdn Bhd (“LSE II”).</p> <p>“Project Documents” means collectively, the following:</p> <p>(i) The PPA;</p> <p>(ii) The EPC Contract;</p> <p>(iii) The land lease agreement for LSE II;</p>
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			<p>(iv) The Design, Installation, Testing and Commissioning of 33kV Aluminium XLPE 630MM² Single Core Underground Cables, & Accessories and Extension Works at TNB PMU Sungai Petani Industri (SPID) Agreement dated 29 November 2018 entered into between LSE II and Swis Resources Sdn Bhd;</p> <p>(v) The Sale and Purchase Agreement for Photovoltaic Solar Modules dated 12 December 2018 entered into between LSE II and Hefei JA Solar Technology Co. Ltd;</p> <p>(vi) The Supply Agreement relating to the supply of inverters dated 14 March 2019 entered into between LSE II and Power Electronics Espana, S.L.</p> <p>(vii) Any agreement, document and/or side letter that supplements, amends, or varies any of the above; and</p> <p>(viii) any other agreement, document and/or side letter that is material to the Project as may be reasonably determined by the Lead Arranger.</p> <p>“Project Land” means collectively,</p> <p>(i) the land bearing title details Geran 23680 Lot 2, Mukim Sungai Pasir, Daerah Kuala Muda, Negeri Kedah (“Project Land 1”); and</p> <p>(ii) the parcels of land (as more specifically described in the land lease agreement of LSE II) bearing title details Geran 87076 Lot 5, Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah (“Project Land 2”),</p> <p>“Project Land” shall where the context so requires be a reference to any one or more of them.</p> <p>“Sponsor” means HNG Capital Sdn Bhd (Registration No. 201101033693 (961828-H)) (“HNG Capital”)</p> <p>“SPP Licence” as defined in the PPA</p> <p>“Security Documents” means collectively, the following</p> <p>(i) the Assignment and Charge (LSE I);</p> <p>(ii) the Assignment and Charge (LSE II);</p> <p>(iii) the Assignment and Charge (Issuer);</p> <p>(iv) the Debenture (LSE I);</p> <p>(v) the Debenture (LSE II);</p> <p>(vi) the Debenture (Issuer);</p> <p>(vii) the NLC Land Charge;</p> <p>(viii) the Assignment and Charge (Lease Agreement);</p>
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			<p>(ix) the NLC Charge over Lease; and (x) the Share Charge;</p> <p>“Security interest” means any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, assignment by way of security or other security interest of any kind or any agreement to create any of the foregoing.</p> <p>“SRI” means ‘sustainable and responsible investment’</p> <p>“Transaction Documents” means collectively, the following:- (i) The Financing Documents; (ii) The Project Documents; and (iii) any other document (whenever executed) designated as such in writing by the Issuer and the Security Trustee.</p>
(12)	Dividend Distribution Test	:	<p>In the event the Issuer intends to pay dividends and/or repay any advances from its Sponsor (“Dividend Distribution”), it shall ensure that it first satisfy all of the following conditions:-</p> <p>(a) Ensure no Event of Default or Potential Event of Default has occurred and is continuing or would occur as a result of such Dividend Distribution; (b) FSRA Minimum Required Balance has been met; (c) Requirements of the MRA has been met; (d) Financial Covenants are being complied with; and (e) Submission of a Compliance Certificate, certified by an independent auditor, that the Dividend Distribution shall not result in a breach in any of the Financial Covenants.</p>
(13)	Conditions Subsequent	:	<p>(a) Within thirty (30) days of the issuance of the ASEAN Green SRI Sukuk Wakalah, perfection of the Financing Agreements by the Project Company, save and except for the land charge by LSE I and the charge over the lease by LSE II;</p> <p>(b) Within three (3) months from the issuance of the ASEAN Green SRI Sukuk Wakalah, the receipt of the clarification confirmation from TNB to the Project Company in relation to the “Outstanding Indebtedness” definition under the respective PPA in the form and substance satisfactory to the Lead Arranger;</p> <p>(c) Within nine (9) months from the issuance of the ASEAN Green SRI Sukuk Wakalah, the receipt of the written confirmation, exemption or waiver indicating that the Kedah state authority or the relevant state executive council is agreeable that</p>

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			<p>the Project Land 1 may be used for purposes of the solar plantation or such other authorisation to the satisfaction of the Lead Arranger;</p> <p>(d) Within nine (9) months from the issuance of the ASEAN Green SRI Sukuk Wakalah, the consent from the Minister (as defined in the PPA) for the creation of the land charge by LSE I and the charge over the lease by LSE II is obtained;</p> <p>(e) Within nine (9) months from the issuance of the ASEAN Green SRI Sukuk Wakalah, presentation for registration of the land charge by LSE I and the charge over the lease by LSE II in favour of the Security Trustee;</p> <p>(f) Other conditions may be mutually agreed between the Issuer and the Lead Arranger.</p>																																						
(14)	Repayment	:	<p>The repayment of principal portion of the ASEAN Green SRI Sukuk Wakalah shall be amortized as set out in the following repayment schedule:</p> <table border="1"> <thead> <tr> <th>Tenure (year)</th> <th>Amount (RM, million)</th> </tr> </thead> <tbody> <tr><td>1</td><td>5</td></tr> <tr><td>2</td><td>10</td></tr> <tr><td>3</td><td>15</td></tr> <tr><td>4</td><td>15</td></tr> <tr><td>5</td><td>15</td></tr> <tr><td>6</td><td>15</td></tr> <tr><td>7</td><td>15</td></tr> <tr><td>8</td><td>15</td></tr> <tr><td>9</td><td>15</td></tr> <tr><td>10</td><td>15</td></tr> <tr><td>11</td><td>15</td></tr> <tr><td>12</td><td>15</td></tr> <tr><td>13</td><td>15</td></tr> <tr><td>14</td><td>15</td></tr> <tr><td>15</td><td>15</td></tr> <tr><td>16</td><td>15</td></tr> <tr><td>17</td><td>15</td></tr> <tr><td>18</td><td>20</td></tr> </tbody> </table>	Tenure (year)	Amount (RM, million)	1	5	2	10	3	15	4	15	5	15	6	15	7	15	8	15	9	15	10	15	11	15	12	15	13	15	14	15	15	15	16	15	17	15	18	20
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(15)	Identified assets	:	<p>The Wakalah Investments comprise the Shariah compliant Business and the Commodity Murabahah Investment. Shariah-compliant commodities which may include but are not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are traded through the commodity trading platform,</p>																																						

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			Bursa Suq Al-Sila’ and/or such other trading platforms acceptable to the Shariah Adviser (“ Commodities ”).
(16)	Expected Periodic Distribution Amount	:	Any relevant Periodic Distribution date, such amount calculated at the Periodic Distribution Rate on the nominal value of the relevant ASEAN Green SRI Sukuk Wakalah based on actual/365 days.
(17)	Exercise Price	:	The “ Exercise Price ” for the purchase of the Shariah-compliant Business shall be at the market value of the Shariah-compliant Business, on the relevant Scheduled Dissolution Date(s), the Dissolution Declaration Date, or the voluntary early redemption date, as the case may be.
(18)	Purchase and selling price/rental	:	<p><u>Purchase Price</u></p> <p>In relation to the Commodity Murabahah Investment, the Commodity Purchase Price shall be determined prior to each issuance of the ASEAN Green SRI Sukuk Wakalah and shall be equal to the proceeds of the ASEAN Green SRI Sukuk Wakalah. The Commodity Purchase Price shall comply with the SC's SAC asset pricing requirements (“Asset Pricing Requirements”) as provided in the SC’s LOLA Guidelines.</p> <p><u>Deferred Sale Price</u></p> <p>The Deferred Sale Price shall be determined prior to each issuance of the ASEAN Green SRI Sukuk Wakalah and shall comprise the Commodity Purchase Price plus the aggregate profit margin of the Commodity Murabahah Investment payable on a deferred payment basis.</p>
(19)	Dissolution Declaration Date	:	The date on which the Sukuk Trustee, by written notice to the Issuer, declare that any Event of Default has occurred.
(20)	Dissolution Distribution Amount	:	<p>The Dissolution Distribution Amount shall be equivalent to:</p> <p>(a) Nominal value of the ASEAN Green SRI Sukuk Wakalah; plus</p> <p>(b) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date.</p>