

**DANGA CAPITAL BERHAD**  
**ISLAMIC SECURITIES PROGRAMME OF RM10.0 BILLION IN NOMINAL VALUE**

**PRINCIPAL TERMS AND CONDITIONS**

**1.01 Corporate Information of Issuer**

- |      |  |   |
|------|--|---|
| (1)  | Name   | Danga Capital Berhad (“ <b>Issuer</b> ”).   |
|      | Address  | 10 <sup>th</sup> Floor, Menara Hap Seng<br>No. 1 & 3, Jalan P. Ramlee<br>50250 Kuala Lumpur.  |
| (2)  | Date of incorporation  | 16 October 2008.  |
| (3)  | Place of incorporation   | Malaysia.   |
|      | Registered with<br>Companies Commission of<br>Malaysia (CCM)   | Yes.  |
| (4)  | Business registration number   | 835648-X.   |
| (5)  | Residence status   | Resident-controlled company.  |
| (6)  | Place of listing, if applicable  | Not listed.   |
| (7)  | Date of listing, if applicable   | Not applicable.   |
| (8)  | State if the issuer is a Malaysian government-linked company   | No.   |
| (9)  | Industry sector of the issuer  | Special purpose vehicle.  |
| (10) | Principal activities   | The principal activities of the Issuer are to undertake the issuance of Islamic securities and multi-currency Islamic securities pursuant to a Ringgit Malaysia-denominated Islamic securities programme and a multi-currency Islamic securities programme, respectively. |
| (11) | Principal activities of issuer’s subsidiaries, where applicable  | Not applicable.   |
| (12) | If the issuer is a special-purpose vehicle company (SPV), state the name of the entity that established it | Khazanah Nasional Berhad.   |
| (13) | Authorised, issued and   | Details as of 1 December 2015:  |

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paid-up capital

Authorised Share Capital

RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each.

Issued and Fully Paid-up Capital

RM2.00 divided into 2 ordinary shares of RM1.00 each.

- (14) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders

Details as of 1 December 2015:

Shareholder	No. of Ordinary Shares Held	Percentage of Shareholding
TMF Trustees Malaysia Berhad	2	100%

- (15) Ultimate shareholder(s)

Not applicable.

- (16) State if issuer is a related corporation of any Malaysian public listed company (PLC)

No.

- (17) Board of directors, including

The board of directors of the Issuer as at 1 December 2015 is as follows:

- (a) National Registration Identity Card numbers for Malaysian directors; and  
 (b) passport numbers for non-Malaysian directors

- (a) Celine Chan Hooi Li (IC No.: 700224-10-5176)  
 (b) Lim Lee Kuan (IC No.: 711203-10-5656)

Not applicable.

- (18) Name, designation and contact details of the contact person of the issuer

Name: Celine Chan Hooi Li

Designation: Director

Telephone No.: 03-2382 4288

Email address:

[MYKUL\\_Structured\\_Finance@TMF-Group.com](mailto:MYKUL_Structured_Finance@TMF-Group.com)

- (19) Name, designation and contact details of the contact person of the key management personnel of the issuer

- (a) Name: Celine Chan Hooi Li

Designation: Director

Telephone No.: 03-2382 4288

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Email address:

[MYKUL\\_Structured\\_Finance@TMF-Group.com](mailto:MYKUL_Structured_Finance@TMF-Group.com)

(b) Name: Lim Lee Kuan

Designation: Director

Telephone No.: 03-2382 4288

Email address:

[MYKUL\\_Structured\\_Finance@TMF-Group.com](mailto:MYKUL_Structured_Finance@TMF-Group.com)

(20) Disclosure of the following:

(a) If the issuer or its board members have been convicted or charged with any offence under any securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, or if any action has been initiated against the issuer or its board members for breaches of the same, for the past ten years prior to the lodgement/ since incorporation (for issuer incorporated less than ten years); and

None.

(b) 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

Not applicable as the Issuer is not a listed company.

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past five years prior  
to the lodgement

- (21) Any other material None.  
information

**Corporate Information of Obligor**

- |      |  |  |
|------|--|--|
| (1)  | Name   | Khazanah Nasional Berhad (“ <b>Obligor</b> ” or “ <b>Khazanah</b> ”).  |
|      | Address  | Level 33, Tower 2,<br>Petronas Twin Towers,<br>Kuala Lumpur City Centre,<br>50088 Kuala Lumpur.  |
| (2)  | Date of incorporation  | 3 September 1993.  |
| (3)  | Place of incorporation   | Malaysia.  |
|      | Registered with<br>Companies<br>Commission of<br>Malaysia (CCM)        | Yes.   |
| (4)  | Business registration<br>number  | 275505-K.  |
| (5)  | Residence status   | Resident-controlled company.   |
| (6)  | Place of listing, if<br>applicable                                     | Not listed.  |
| (7)  | Date of listing, if<br>applicable                                      | Not applicable.  |
| (8)  | State if the Obligor is a<br>Malaysian government-<br>linked company   | Yes.   |
| (9)  | Industry sector of the<br>Obligor                                      | Investment holding.  |
| (10) | Principal activities   | The principal activities of the Obligor is investment holding.   |
| (11) | Principal activities of<br>Obligor’s subsidiaries,<br>where applicable | The principal activities of the Obligor’s subsidiaries include financial services, healthcare, infrastructure and construction, media and communication, leisure and tourism, property, power, agriculture, innovation technology and life sciences as well as |

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transportation and logistics.

- (12) If the Obligor is a special-purpose vehicle company (SPV), state the name of the entity that established it

Not applicable.

- (13) Authorised, issued and paid-up capital

Details as of 1 December 2015:

Authorised Share Capital

RM35,000,000,000.00 divided into 20,000,000,000 ordinary shares of RM1.00 each and 15,000,000,000 redeemable cumulative convertible preference shares of RM1.00 each ("**RCCPS**").

Issued and Fully Paid-up Capital

RM6,643,953,229.00 divided into 5,443,953,229 ordinary shares and 1,200,000,000 RCCPS.

- (14) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders

Details as of 1 December 2015:

- (a) Holders of ordinary shares

Shareholders	No. of Ordinary Shares Held
Minister of Finance (Incorporated) (" <b>MoF Inc.</b> ")	5,443,953,228
Pesuruhjaya Tanah Persekutuan (" <b>the FLC</b> ")	1

- (b) Holder of RCCPS

Shareholder	No. of RCCPS Held
GovCo Holdings Berhad (" <b>GovCo</b> ")	1,200,000,000

- (15) Ultimate shareholder(s)

Not applicable.

- (16) State if Obligor is a related corporation of any Malaysian public listed company (PLC)

Not related.

- (17) Board of directors, including

The board of directors of the Obligor as at 1 December 2015 is as follows:

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- |   |  |
|---|--|
| (a) National Registration Identity Card numbers for Malaysian directors; and                                    | (a) Dato' Sri Mohd Najib bin Tun Haji Abdul Razak (IC No.: 530723-06-5165)<br>(b) Tan Sri Dato' Seri Utama Nor Mohamed bin Yakcop (IC No.: 470824-07-5061)<br>(c) Dato' Seri Ahmad Husni bin Mohamad Hanadzlah (IC No.: 520721-08-5067)<br>(d) Tan Sri Dr. Mohd Irwan Serigar bin Abdullah (IC No.: 570307-03-5529)<br>(e) Tan Sri Md Nor bin Md Yusof (IC No.: 471213-05-5111)<br>(f) Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (IC No.: 461202-10-5727)<br>(g) Tan Sri Mohamed Azman bin Yahya (IC No.: 640108-03-5797)<br>(h) Dato' Mohammed Azlan bin Hashim (IC No.: 570207-71-5527)<br>(i) Tan Sri Sheng Len Tao (IC No.: 460826-71-5203)<br>(j) Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak (IC No.: 661119-10-5909)<br>(k) Tan Sri Dato' Azman bin Hj. Mokhtar (IC No.: 610123-04-5013) |
| (b) passport numbers for non-Malaysian directors  | Not applicable.  |
| (18) Name, designation and contact details of the contact person of the Obligor                                 | Name: Mohd Izani Ghani<br>Designation: Executive Director/Chief Financial Officer<br>Telephone No.: 03-2034 0196<br>Email address: <a href="mailto:Izani.Ghani@khazanah.com.my">Izani.Ghani@khazanah.com.my</a>  |
| (19) Name, designation and contact details of the contact person of the key management personnel of the Obligor | (a) Name: Hafizuddin Sulaiman<br>Designation: Director of Finance<br>Telephone No.: 03-2034 0208<br>Email address: <a href="mailto:Hafizuddin.Sulaiman@khazanah.com.my">Hafizuddin.Sulaiman@khazanah.com.my</a><br><br>(b) Name: Ng Eu Gin<br>Designation: Assistant Vice President, Finance   |

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Telephone No.: 03-2034 0389

Email address:

[nq.eugin@khazanah.com.my](mailto:nq.eugin@khazanah.com.my)

(20) Disclosure of the following:

(a) If the Obligor or its board members have been convicted or charged with any offence under any securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, or if any action has been initiated against the Obligor or its board members for breaches of the same, for the past ten years prior to the lodgement/ since incorporation (for Obligor incorporated less than ten years); and

None.

(b) If the Obligor 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 lodgement

Not applicable as the Obligor is not a listed company.

(22) Any other material information

None.

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**1.02 Parties to the Transaction**

Names of all parties involved in the lifecycle of the PDS or sukuk (i.e. origination, at the point of distribution and after distribution) and their roles and responsibilities.

**(A) At the point of origination**

	<b>Roles</b>	<b>Names of Parties</b>	<b>Responsibilities</b>
(i)	Joint Principal Advisers / Joint Lead Arrangers	AmlInvestment Bank Berhad (" <b>AmlInvestment Bank</b> ") and CIMB Investment Bank Berhad (" <b>CIMB</b> ")	<ul style="list-style-type: none"> <li>To co-ordinate, review and finalise all relevant documentation in relation to the submission to the Securities Commission Malaysia ("<b>SC</b>").</li> <li>To co-ordinate the work of other professional advisors involved in the documentation required for the Islamic Securities Programme (as defined hereunder).</li> </ul>
(ii)	Solicitors	Messrs. Zaid Ibrahim & Co. (Malaysian law counsel) (" <b>ZICO</b> ")	To advise on legal matters and issues in relation to the Islamic Securities Programme and to draft the relevant documents to be submitted to the SC.
(iii)	Shariah adviser	CIMB Islamic Bank Berhad (" <b>Shariah Adviser</b> ")	To advise on the Shariah structure for the Islamic Securities (as defined hereunder).

**(B) At the point of distribution**

	<b>Roles</b>	<b>Names of Parties</b>	<b>Responsibilities</b>
(i)	Joint Lead Managers	AmlInvestment Bank and CIMB and/or other financial institution(s) to be appointed at the point of each issuance	To co-ordinate the marketing process and investor presentation, as the case may be, in relation to the issuance of a particular series of Islamic Securities.
(ii)	Tender Panel Members (" <b>TPM</b> ")	Persons to whom an issue of, or an offer or invitation to subscribe the Islamic Securities are made would fall within Schedule 6 or Section 229(1)(b)	To honour their bids if bids are within the successful range of the tender.

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		of Capital Markets and Services Act 2007 (" <b>CMSA</b> ") and Schedule 7 or Section 230(1)(b) of CMSA and would fall within Schedule 9 or Section 257(3) of CMSA.	
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**(C) After distribution**

	<b>Roles</b>	<b>Names of Parties</b>	<b>Responsibilities</b>
(i)	Trustee	CIMB Islamic Trustee Berhad	<ul style="list-style-type: none"> <li>• To monitor the Issuer's positive and negative covenants' compliance as per the Trust Deed.</li> <li>• Represent the interests and rights of the holders of the Islamic Securities holders ("<b>Islamic Securities holders</b>") in accordance with the Trust Deed.</li> <li>• Notify the relevant parties or authorities, following a declaration of an event of default.</li> <li>• Upon proper Islamic Securities holders' instructions and indemnification, to take such steps and/or institute such proceedings to enforce repayment of the Islamic Securities and payment of profit, if any.</li> <li>• Convene and arrange Islamic Securities holders' meeting(s) as and when required.</li> </ul>
(ii)	Facility Agent	CIMB	<ul style="list-style-type: none"> <li>• Check and verify the issue requests.</li> <li>• Prepare and submit to Bank Negara Malaysia ("<b>BNM</b>") the necessary documents for issuance or redemption of the Islamic Securities in the Real Time Electronic Transfer of Funds and Securities</li> </ul>

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			<p>("RENTAS") system.</p> <ul style="list-style-type: none"> <li>• Complete the creation of the Facility and Stock Codes for the Islamic Securities in the Fully Automated System For Issuing/Tendering ("FAST").</li> <li>• Maintain Facility Code, Stock Codes and other necessary updates in the FAST on an ongoing basis until the Islamic Securities Programme matures.</li> <li>• Submit the global certificates to BNM.</li> <li>• Receive issue proceeds of the Islamic Securities from the subscribers and pay to the Issuer.</li> <li>• Maintain ledger and records.</li> <li>• Monitor and ensure the aggregate issuance size does not exceed the limit of the Islamic Securities Programme.</li> <li>• Receive the profit amount and redemption proceeds from the Issuer and pay to BNM as Paying Agent for onward payment to the Scripless Securities Depository System (SSDS) Participants of the holders of Islamic Securities holders.</li> <li>• Calculate the profit amount, accreted value/redemption proceeds, late payment charges (if any) and advise the Issuer;</li> <li>• Remind the Issuer of the secondary Islamic Securities due on each secondary Islamic Securities maturity date and the nominal value of the Islamic Securities due on the maturity dates.</li> <li>• Monitor the payments from the Issuer to be made to BNM before the cut-off time;</li> <li>• Liaise with and forward relevant</li> </ul>
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			documents to BNM during the tenure of the Islamic Securities. <ul style="list-style-type: none"> <li>• Liaise with the Issuer on agency matters.</li> </ul>
(iii)	Central Depository	BNM	Act as central securities depository and custodian of global certificates of the Islamic Securities issued under the Islamic Securities Programme.
(iv)	Paying Agent	BNM	Carry out functions, duties and obligations under the Central Securities Depository and Paying Agency Rules issued by Malaysian Electronic Clearing Corporation Sdn. Bhd. ( <b>"MyClear"</b> ).

**1.03 Details of Facility/ Programme**

- (1) Name of facility      An islamic securities (**"Islamic Securities"**) issuance programme which has a combined limit with a multi-currency Islamic securities issuance programme (**"Multi-Currency Islamic Securities Programme"**).
- (2) One-time issue or programme      Programme.
- (3) Shariah principles (for sukuk)      Musyarakah and/or such other Islamic principles.
- The transaction documents will provide that no approval from the Islamic Securities holders will be required, for issuances of Islamic Securities throughout the tenure of the Islamic Securities Programme (as defined hereunder):
- (a) for the Issuer to issue Islamic Securities based on Islamic principles other than Musyarakah; or
  - (b) to amend the structure described in this principal terms and conditions (**"Principal Terms and Conditions"**) so as to comply with any future requirements of the Musyarakah principle; or
  - (c) to amend the structure of any Islamic principles (other than Musyarakah) which may be adopted by the Issuer, so as to comply with any future requirements of

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those Islamic principles.

However, the prior approvals of the SC and the Shariah Adviser will have to be obtained.

For the avoidance of doubt, any changes to the structure of the Islamic principle(s) of any Islamic Securities which are outstanding shall require the prior approval of the holders of such outstanding Islamic Securities.

- (4) Facility description (for ringgit-denominated sukuk, to provide description as cleared by SC)

An Islamic securities issuance programme under the Islamic principle of Musyarakah (**"Islamic Securities Programme"**).

The Islamic Securities apply the underlying Shariah principle of Musyarakah, which is a partnership between the Islamic Securities holders to invest in the respective Portfolio Units (as defined below) under the Portfolio (as defined below) (**"Musyarakah Venture"**).

The Islamic Securities holders, from time to time, shall enter into a Musyarakah Venture by contributing capital (**"Musyarakah Capital"**) which will be utilised for the Musyarakah Venture by subscribing to the relevant Islamic Securities issued by the Issuer.

Each portfolio unit (**"Portfolio Unit"**) shall represent a fraction of the holders of the Portfolio Unit's undivided interest in the Portfolio.

The portfolio (**"Portfolio"**) shall comprise a pool of Shariah-compliant shares or any other Shariah-compliant assets (**"Assets"**) to be identified by Khazanah in its capacity as Owner. The Assets shall be endorsed by the Shariah Adviser. The Issuer may appoint any third party to manage the Portfolio Units.

The Owner shall make a declaration of trust on the Portfolio to be held by Khazanah as the Portfolio Trustee for the benefit of the holder(s) of the Portfolio Units. On the date of such declaration of trust, Khazanah (in its capacity as the Initial Owner of the Portfolio Units) shall be the first holder of all the Portfolio Units (**"Initial Owner of the Portfolio Units"**).

For each issue of Islamic Securities, the Initial

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Owner of the Portfolio Units will sell the relevant number of Portfolio Units to Duyung Capital Berhad ("**SPV 1**"), an independent special purpose company, whose shares will be held by Shu Wai Ling and Soh Chin Nan as share trustees, for and on behalf of charitable organisations, which in turn will sell the said Portfolio Units to the Issuer (who will purchase the Portfolio Units on behalf of the Islamic Securities holders). The Issuer will fund the purchase of the Portfolio Units via the proceeds raised from the issuance of the Islamic Securities.

For each issue of the Islamic Securities, the value of the Assets in the Portfolio, which is determined based on the value at cost to the Portfolio, shall be at least equivalent to the nominal amount of the series of Islamic Securities to be issued plus the nominal amount of the Islamic Securities outstanding under the Islamic Securities Programme at that point in time.

For the avoidance of doubt, the total value of the Portfolio (to be determined at cost to the Portfolio) shall at all times be at least equivalent to the total nominal value of the Islamic Securities outstanding. In case of any exchange of the Assets, the value of the new Assets to be injected into the Portfolio must be at least equivalent to the value of the Assets to be replaced (which shall be valued at cost to the Portfolio).

The return expected by the Islamic Securities holders from the Musyarakah Venture which shall be the yield from the Islamic Securities up to the maturity date of the Islamic Securities or the date of declaration of an event being an event which dissolves the Musyarakah Venture ("**Dissolution Event**"), whichever is applicable is the "**Expected Return**" of the Islamic Securities.

Further, Khazanah as the obligor ("**Obligor**") shall undertake to purchase the respective Portfolio Units from the Issuer via a Purchase Undertaking (as further described below).

In respect of Islamic Securities with periodic distributions, income from the Musyarakah

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Venture up to an amount equal to a certain percentage on the face amount of the Islamic Securities per annum, calculated on the basis of the actual number of days in the relevant period ("**Expected Periodic Distribution**") shall be distributed periodically in the form of periodic distribution ("**Periodic Distribution**"). The Periodic Distribution shall be made semi-annually or such other period to be agreed in each year (each such date for distribution, a "**Periodic Distribution Date**") or, if applicable, upon the declaration of a Dissolution Event. Should the income generated from the Musyarakah Venture fall short of the Expected Periodic Distribution on any Periodic Distribution Date, the Obligor shall make good the difference, the amount of which will be set-off against the Exercise Price (as defined below) payable upon the maturity date ("**Maturity Date**") or the date of a Dissolution Event ("**Dissolution Date**").

In respect of Islamic Securities without Periodic Distribution, income from the Musyarakah Venture of up to the Expected Return shall be distributed on a one-off basis upon the Maturity Date or the Dissolution Date ("**One-off Distribution**"). Should the income generated from the Musyarakah Venture fall short of the Expected Return, the Obligor shall make good the difference, the amount of which will be set-off against the Exercise Price (as defined below) payable upon the Maturity Date or the Dissolution Date.

Please refer to Annexure 1 for a diagram of the Islamic structure.

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|---|---|
| (5)      Currency   | Ringgit.  |
| (6)      Expected      facility/<br>programme size (for<br>programme, to state<br>the option to upsize) | The aggregate outstanding nominal value of the Islamic Securities issued under the Islamic Securities Programme shall not exceed RM10.0 billion at any point in time. |

Further, the aggregate outstanding nominal value of the Islamic Securities issued under the Islamic Securities Programme and the multi-currency Islamic securities proposed to be issued by the Issuer under the Multi-Currency Islamic Securities Programme shall not exceed RM20.0 billion (or its equivalent in foreign

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currency), at any point in time.

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| (7) | Tenure of facility/programme | Thirty five (35) years from the date of the first issue under the Islamic Securities Programme or the first issue under the Multi-Currency Islamic Securities Programme, whichever is earlier. |
|-----|------------------------------|--|

The tenure of the Islamic Securities shall be more than one (1) year, provided that the Islamic Securities mature prior to the expiry of the Islamic Securities Programme.

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|-----|---|--|
| (8) | Availability period for debt or sukuk programme | Upon completion of documentation and, unless waived by the Joint Lead Managers, compliance of all conditions precedent and other applicable conditions to the satisfaction of the Joint Lead Managers. |
|-----|---|--|

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|-----|----------------------------------|---------|
| (9) | Clearing and settlement platform | RENTAS. |
|-----|----------------------------------|---------|

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|------|---------------|---|
| (10) | Mode of issue | Via competitive tender by the TPMs or book running or direct placement on a best effort basis or a bought deal basis. |
|------|---------------|---|

The Islamic Securities may also be issued via a bought deal basis based on terms and conditions to be mutually agreed upon between the Issuer and the primary subscriber(s).

Issuance of the Islamic Securities under the Islamic Securities Programme shall be in accordance with the MyClear Rules and Procedures (as defined below), subject to such exemptions (if any) granted from time to time.

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|------|----------------------|--|
| (11) | Selling restrictions | <u>Selling Restrictions at Issuance:</u> |
|------|----------------------|--|

The Islamic Securities may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Islamic Securities may be made and to whom the Islamic Securities are issued would fall within Schedule 6 or Section 229(1)(b) of CMSA and Schedule 7 or Section 230(1)(b) of CMSA and would fall within Schedule 9 or Section 257(3) of CMSA.

Selling Restrictions Thereafter:

The Islamic Securities may only be offered,

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		sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Islamic Securities would fall within Schedule 6 or Section 229(1)(b) of CMSA and would fall within Schedule 9 or Section 257(3) of CMSA.
(12)	Tradability and transferability	Tradable and transferable, but subject to the selling restrictions.
(13)	Details of security/collateral pledged, if applicable	Nil.  <u>Credit Enhancement</u> Khazanah, as Obligor, will issue a Purchase Undertaking as credit enhancement for each series of the Islamic Securities.
(14)	Details of guarantee, if applicable	Not guaranteed.
(15)	Convertibility of issuance and details of the convertibility	Non-convertible.
(16)	Exchangeability of issuance and details of the exchangeability	Non-exchangeable.
(17)	Call option and details, if applicable	No call option.
(18)	Put option and details, if applicable	No put option.
(19)	Details of covenants	<u>Information Covenants by the Issuer:</u>  i. the Issuer shall provide to the Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the transaction documents and the terms and conditions of the Islamic Securities and that there does not exist or had not existed, from the first date the Islamic Securities were issued or the date of the last certificate, as the case may be, any Dissolution Event, and if such is not the case, to specify the same;  ii. the Issuer shall deliver to the Trustee the following: (a) as soon as they become available

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- (and in any event within one hundred and eighty (180) days after the end of its financial year) copies of its financial statements for that year which shall contain the income statements and balance sheets of the Issuer and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Trustee;
- (b) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Trustee may from time to time reasonably request; and
  - (c) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors, or from the Issuer to any of its shareholders or its creditors, which contents may materially and adversely affect the interests of the Islamic Securities holders;
- iii. the Issuer shall promptly notify the Trustee of any change in its board of directors and/or shareholders;
  - iv. the Issuer shall promptly notify the Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the transaction documents;
  - v. the Issuer shall promptly give notice to the Trustee of any change in the utilisation of proceeds from the Islamic Securities from that set out in any agreement entered into in connection with the Islamic Securities which sets out a specific purpose for which the Islamic Securities proceeds are to be

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used;

- vi. the Issuer shall promptly give notice to the Trustee of the occurrence of any Dissolution Event or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant transaction document would constitute a Dissolution Event ("**Potential Dissolution Event**") forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Dissolution Event or the Potential Dissolution Event; and
- vii. such other covenants as may be advised by the solicitors of the Joint Lead Managers and mutually agreed with the Issuer.

Positive Covenants by the Issuer:

- i. the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, 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 financiers under the transaction documents and the Issuer shall comply with the same;
- ii. the Issuer shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the transaction documents;

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- iii. the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- iv. the Issuer shall promptly perform and carry out all its obligations under all the transaction documents (including but not limited to redeeming the Islamic Securities on the relevant Maturity Date(s) or any other date on which the Islamic Securities are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfill or comply with any of the provisions of the transaction documents;
- v. the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Issuer for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- vi. the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the Islamic Securities, circulars, conditions or guidelines issued by the SC from time to time;
- vii. the Issuer to seek the Shariah Adviser's approval on the composition of the Portfolio on an annual basis;
- viii. the Issuer shall maintain a paying agent in Malaysia;
- ix. the Issuer shall 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 Islamic Securities; and
- x. such other covenants as advised by the

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solicitors of the Joint Lead Managers and mutually agreed with the Issuer.

Negative Covenants by the Issuer:

- i. the Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, 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, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract;
- ii. the Issuer shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the transaction documents;
- iii. the Issuer shall not reduce its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or subdividing all or any of its shares, or by any other manner;
- iv. the Issuer shall not incur any indebtedness for borrowed monies, save and except in respect of the Islamic Securities, nor give any guarantee in respect of any indebtedness for borrowed monies to any person or entity whatsoever;
- v. the Issuer shall not obtain or permit to exist any loans or advances from its shareholders;
- vi. other than the transactions contemplated under this Principal Terms and Conditions, the Issuer shall not enter into any agreement with its shareholders unless such agreement is entered into:

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- (a) in the ordinary course of its business;
- (b) on an arms-length basis; and
- (c) will not have a Material Adverse Effect on the Issuer.

Unless otherwise stated, for the purpose of this Principal Terms and Conditions, “Material Adverse Effect” means any event which may materially and adversely affect the ability of the Issuer or the Obligor (as the case may be) to perform any of its obligations under any of the transaction documents;

- vii. the Issuer shall not use the proceeds of the Islamic Securities Programme except for the purposes set out under the “Details on Utilisation of Proceeds” clause of this Principal Terms and Conditions;
- viii. the Issuer shall not lend any money to any party;
- ix. the Issuer shall not take steps to wind up or dissolve itself;
- x. the Issuer will not enter into a transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or person 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 RM10.0 billion, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

PROVIDED THAT the Issuer certifies to

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the Trustee that the transaction complies with paragraph (a), that the Issuer has received the certification referred to in paragraph (b) (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; and

- xi. such other covenants as advised by the legal counsel of the Joint Lead Managers and mutually agreed with the Issuer.

Information Covenants by the Obligor:

- (i) the Obligor shall provide to the Trustee with an annual certificate at the end of each financial year, certifying that it has complied with all its obligations under the transaction documents and the terms and conditions of the Islamic Securities Programme and that there does not exist or had not existed, from the first date the Islamic Securities were issued or the date of the last certificate, as the case may be, any Event of Default/Dissolution Event, and if such is not the case, to specify the same;
- (ii) the Obligor shall immediately notify the Trustee as soon as it becomes aware:
  - (a) of any Event of Default/Dissolution Event or Potential Dissolution Event or that such other right or remedy under the terms, provisions and covenants of the Purchase Undertaking and Trust Deed have become immediately enforceable;
  - (b) of any circumstance that has occurred that may materially prejudice the Obligor or the interests of the Islamic Securities holders or may amount to a Material Adverse Effect including any breach, any pending or threatened litigation, arbitration or government action which could reasonably be expected to have a Material Adverse Effect on the Obligor;

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- (c) of any change in the utilisation of proceeds from the Islamic Securities by the Obligor from that set out in any agreement entered into in connection with the Islamic Securities which sets out a specific purpose for which the Islamic Securities proceeds are to be used by the Obligor;
  - (d) of any substantial change in the nature of the business of the Obligor, and
- (iii) such other covenants as advised by the solicitors of the Joint Lead Managers and mutually agreed with the Obligor.

Covenants by the Obligor:

- (i) the Obligor shall (a) maintain or cause to be maintained in full force and effect all authorisations and (b) promptly obtain all further authorisations, consents, licences, approvals and exemptions and effect all registrations and filings, which may become necessary to enable the performance by the Obligor of the transactions contemplated by the Trust Deed and the other transaction documents;
- (ii) the Obligor shall at all times carry on and conduct its business in a proper and efficient manner;
- (iii) the Obligor shall give to the Trustee any information which the Trustee may require in relation to the Purchase Undertaking or in order to discharge its duties and obligations as Trustee under the Trust Deed relating to the Obligor's affairs to the extent permitted by law or in so far as the Obligor shall not be prohibited by law or by any agreement to which it is bound from disclosing such information;
- (iv) other than the transactions contemplated under this Principal Terms and Conditions, the Obligor shall not enter into any agreement with its shareholders,

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subsidiaries or associated companies unless such agreement is entered into:

- (a) in the ordinary course of its business; and
  - (b) will not have a Material Adverse Effect on the Obligor;
  - (v) the Obligor shall ensure that save for one (1) share presently owned by the FLC, all the shares of the Obligor shall remain owned by the MoF Inc., a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act 1957;
  - (vi) the Obligor shall not use the proceeds of the Islamic Securities Programme except for the purposes set out under the “Details on Utilisation of Proceeds” clause of this Principal Terms and Conditions; and
  - (vii) such other covenants as advised by the solicitors of the Joint Lead Managers and mutually agreed with the Obligor.
- (20) Details of designated account(s), if applicable, including:
- (a) names of account
  - (b) parties responsible for opening the account
  - (c) parties responsible for maintaining/operating the account
  - (d) signatories to the account
  - (e) sources and utilisation of funds; and
  - (f) diagram illustrating the flow of monies and conditions for

Not applicable.

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disbursements

- |      |   |  |
|------|---|--|
| (21) | Name of credit rating agency, credit rating (state whether final or indicative) and amount rated, if applicable | <u>Credit Rating Assigned</u><br>The final rating for the Islamic Securities is AAA.<br><br><u>Name of Rating Agency</u><br>RAM Rating Services Berhad.  |
| (22) | Conditions precedent  | To include but not limited to the following (all have to be in form and substance acceptable to the Joint Lead Managers):<br><br><u>A. Main Documentation</u><br><br>The transaction documents have been executed and, where applicable, stamped and presented for registration.<br><br><u>B. Issuer, SPV 1 and Khazanah</u><br><br>1) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer, SPV 1 and Khazanah.<br><br>2) Certified true copies of the latest Forms 24 and 49 of the Issuer, SPV 1 and Khazanah.<br><br>3) A certified true copy of board resolutions of the Issuer, SPV 1 and Khazanah authorising, among others, the execution of the relevant transaction documents.<br><br>4) A list of the Issuer's, SPV 1's and Khazanah's authorised signatories and their respective specimen signatures.<br><br>5) A report of the relevant company search of the Issuer, SPV 1 and Khazanah.<br><br>6) A report of the relevant winding up search or the relevant statutory declaration of the Issuer, SPV 1 and Khazanah.<br><br><u>C. General</u><br><br>1) The approval from the SC and where applicable, all other regulatory authorities including without limitation, consent from the Minister of Finance pursuant to section 6 of the Loans Guarantee (Bodies |

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Corporate) Act 1965.

- 2) The Islamic Securities Programme has received the approval of the Shariah Adviser.
- 3) The Islamic Securities have received their requisite rating as stated in this Principal Terms and Conditions.
- 4) Evidence that all transaction fees, costs and expenses have been or will be paid in full.
- 5) The Joint Lead Managers have received from their legal counsel a favourable legal opinion addressed to them and the Trustee advising with respect to, among others, the legality, validity and enforceability of the transaction documents and a confirmation addressed to the Joint Lead Managers that all the conditions precedent documents have been fulfilled.
- 6) Such other conditions precedent as advised by the legal counsel of the Joint Lead Managers and mutually agreed with the Issuer.

(23) Representations and warranties

Representation and Warranties of the Issuer:

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, have full power to carry on its business and to own its property and assets, and have full beneficial ownership of all their assets;
- (ii) the Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the transaction

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documents in accordance with their terms;

- (iii) the Islamic Securities and each of the transaction documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms; and
- (iv) such other representations and warranties as advised by the solicitors of the Joint Lead Managers and mutually agreed with the Issuer.

Representations and Warranties of the Obligor:

- (i) the Obligor is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, have full power to carry on its business and to own its property and assets, and have full beneficial ownership of all their assets;
- (ii) the Memorandum and Articles of Association of the Obligor incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Obligor to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;
- (iii) the Islamic Securities and each of the transaction documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Obligor enforceable in accordance with its terms; and

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- (iv) such other representations and warranties as advised by the legal counsel of the Joint Lead Managers and mutually agreed with the Obligor.

(24) Events of defaults or enforcement events, where applicable, including recourse available to investors

Dissolution Events in relation to the Issuer and Obligor

- i. the Issuer fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand;
- ii. any representation or warranty made or given by the Issuer under the transaction documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Islamic Securities and/or any of the transaction documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee of the failure;
- iii. the Issuer fails to observe or perform its obligations under any of the transaction documents or the Islamic Securities or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i.) above, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee of the failure;
- iv. there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may materially and adversely affect the Issuer's ability to perform its obligations under the transaction documents and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not

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remedy the breach within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee of the breach;

- v. any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;
- vi. an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or any part of the business or assets of the Issuer, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer which may have a Material Adverse Effect (as defined below) on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;
- vii. the Issuer fails to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- viii. 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 or a winding up order has been made against the Issuer;
- ix. the Issuer convenes a meeting of its

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creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, 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) or where a scheme of arrangement under Section 176 of the Companies Act, 1965 has been instituted against the Issuer;

- x. where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudice the ability of the Issuer to comply with the terms and conditions of the Islamic Securities or the transaction documents;
- xi. at any time any of the provisions of the transaction documents is or becomes illegal, void, voidable or unenforceable;
- xii. 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;
- xiii. 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;
- xiv. 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, and in the case of the occurrence of such event or

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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 became aware or having been notified by the Trustee of the event or situation;

- xv. the Obligor defaults in the payment of any money owing in respect of the Purchase Undertaking when the same shall become due and payable in accordance with the terms and conditions of the Purchase Undertaking;
- xvi. any step is taken for the winding up, dissolution or liquidation of the Obligor to the extent that a petition for winding up is presented against the Obligor or a winding up order has been made against the Obligor, or the passing of any resolution for the winding up, dissolution or liquidation of the Obligor;
- xvii. the Obligor enters into a scheme of arrangement under Section 176 of the Companies Act, 1965 or any similar type of arrangement with the Obligor's creditors or such a scheme is instituted against or in respect of the Obligor (save and except pursuant to an internal reorganization which has been approved by the Trustee);
- xviii. an encumbrancer takes possession or a receiver, liquidator or similar officer is appointed over the whole or a substantial part of the assets or undertaking of the Obligor;
- xix. the Obligor commits any breach of or omits to observe any of the obligations, undertakings or covenants expressed to be assumed by it under any of the transaction documents (other than a failure as referred to in paragraph (xv) above) and (except where the Trustee considers that such default is not capable of remedy) (a) the same has not been remedied to the Trustee's satisfaction within thirty (30) days of a written notice by the Trustee requiring such remedy and (b) the Trustee does not certify that such

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unremedied breach or omission is not materially prejudicial to the interests of the Islamic Securities holders;

- xx. any indebtedness of the Obligor becomes enforceable or capable, in accordance with the relevant terms thereof, of being declared due prematurely by reason of a default by the Obligor in its obligations in respect of the same, or the Obligor fails to make any payment in respect thereof on the due date for such payment or when called or the security for any such indebtedness becomes enforceable;
- xxi. any consent, authorisation, licence, approval or registration with or declaration to governmental or public bodies or authorities or courts (if any) required by the Obligor to authorise or required by the Obligor in connection with the execution, issue, delivery, validity, enforceability or admissibility in evidence of any transaction document or the performance by the Obligor of its obligations under any transaction document as the case may be, is modified to such degree as would be prejudicial to the interest of any Islamic Securities holder or is not granted or is revoked or terminated or expired and is not renewed or otherwise ceases to be in full force and effect, or, any consent, authorisation, licence or approval from the relevant authorities granted to the Obligor for the purpose of its business is revoked, expires or is suspended for any reason whatsoever and such revocation, expiration or suspension has a Material Adverse Effect on the Obligor;
- xxii. the MoF Inc., a body corporate incorporated pursuant to the Minister of Finance (Incorporation) Act 1957 ceases to own all the shares of the Obligor save for one (1) share presently owned by the FLC either by way of disposal or transfer of any share in the Obligor or issue any new share in the Obligor to other person; and
- xxiii. such other events as advised by the legal counsel of the Joint Lead Managers and

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mutually agreed with the Issuer and/or the Obligor;

then, the Trustee may, if so directed by a special resolution of the Islamic Securities holders shall (subject to its rights to be indemnified to its satisfaction) declare (by giving notice to the Issuer and Obligor) that an Event of Default/Dissolution Event has occurred and the Trustee is entitled to enforce its rights under the transaction documents, including requiring the Obligor to purchase the Portfolio Units and pay the Exercise Price under the Purchase Undertaking.

- |      |   |  |
|------|---|--|
| (25) | Governing laws                                | Laws of Malaysia.  |
| (26) | Provisions on buy-back, if applicable         | <p>The Obligor or any of its related corporations may at any time purchase the Islamic Securities at any price in the open market or by private treaty, and thereafter sell or cancel or otherwise deal with the Islamic Securities in such manner that is legally permissible subject to the same not contravening any applicable laws and/or regulations. Any Islamic Securities held by the Obligor and/or its related corporations shall not entitle them to participate in the voting of any Islamic Securities holders' resolution nor form part of the quorum of any Islamic Securities holders' meeting.</p> <p>The Issuer and its related corporations may not, at any time, purchase the Islamic Securities, whether in the open market or by private treaty or otherwise.</p> |
| (27) | Provisions on early redemption, if applicable | Not applicable.  |
| (28) | Voting  | All matters which require the consent of the Islamic Securities holders under the Islamic Securities Programme shall be carried out on a collective basis.   |
| (29) | Permitted investments, if applicable; and     | Not applicable.  |

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(30) Other terms and conditions

i) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained

Khazanah requires consent from the Minister of Finance pursuant to section 6 of the Loans Guarantee (Bodies Corporate) Act 1965, which provides that so long as the Government shall continue to be liable under any guarantee given under this Act in respect of any sums raised by a body corporate, the body corporate shall not except with the consent of the Minister of Finance exercise any other power to borrow possessed by it. Since Khazanah currently has outstanding borrowings guaranteed by the Government, it requires consent from the Minister of Finance for any borrowing raised by it. Such consent from the Minister will be obtained as a condition precedent to the first issuance under the Islamic Securities Programme and the Multi-Currency Islamic Securities Programme.

The Joint Principal Advisers, on behalf of the Issuer, had applied to the SC for exemption from the requirements of items 7.01 and 13.1 of the Guidelines on the Offering of Islamic Securities by the SC.

ii) Details on utilisation of proceeds

Issuer

To purchase the relevant Portfolio Units.

Khazanah

General investments, refinancing of borrowings and working capital requirements which are Shariah-compliant.

iii) Identified assets

The Trust Assets shall comprise, amongst others:

- (i) the Portfolio Units purchased by the Issuer from SPV 1 (which, in turn, had purchased the Portfolio Units from the Initial Owner of the Portfolio Units); and
- (ii) the rights under the Purchase Undertaking (as defined below) against Khazanah in its capacity as the Obligor.

The Issuer shall be the trustee of the Trust Assets for the Islamic Securities holders.

Each Islamic Securities holder will have an undivided share of beneficial ownership in the Trust Assets in respect of the relevant series of

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		Islamic Securities (such share which is calculated by reference to the nominal value of the Islamic Securities held by it).
iv)	Purchase and selling price / rental (where applicable)	Not applicable under the Musyarakah principle.
v)	Coupon/Profit or equivalent rate (%)	In the case of each series of Islamic Securities which is issued with Periodic Distributions, the Expected Periodic Distribution rate shall be determined on the issue date of the respective Islamic Securities issue.
vi)	Coupon/Profit payment frequency and basis	The frequency of the Expected Periodic Distributions for the Islamic Securities (if any) shall be on a semi-annual basis or such period to be determined prior to each issuance of the Islamic Securities.  The Expected Periodic Distributions (if any) shall be calculated based on the actual number of days elapsed and 365 days basis (actual/365).
vii)	Listing status and types of listing	The Islamic Securities will be listed on Bursa Malaysia Securities Berhad under the Exempt Listing regime.
viii)	Form and denomination	The Islamic Securities shall be issued in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services" (" <b>MyClear Rules</b> ") issued by MyClear and (2) the "Operational Procedures for Securities Services" issued by MyClear (" <b>MyClear Procedures</b> ") as amended or substituted from time to time (collectively the " <b>MyClear Rules and Procedures</b> "). Each tranche of the Islamic Securities shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Islamic Securities shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
ix)	Minimum level of subscription (RM or %)	The minimum level of subscription for each Islamic Securities issue that is not issued on a direct placement basis (which shall be fully subscribed) shall be 5% of the size of each Islamic Securities issue.

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- x) Yield to maturity (%) The yield to maturity shall be the Expected Return to the Islamic Securities holders under each Musyarakah Venture which shall be determined at the point of each issuance of the Islamic Securities.
- xi) Tender and issue The Islamic Securities may be issued in multiples of RM1,000,000, but subject to the MyClear Rules and Procedures and other standard conditions including, without limitation, the following:
- 1) a minimum issue size of RM10.0 million for each issue;
  - 2) the issue notice shall be given to the Facility Agent at least six (6) business days (for the first issue) or five (5) business days (for subsequent issues) prior to and excluding the date of proposed issue;
  - 3) a rating of AAA for the Islamic Securities; and
  - 4) any amount redeemed may be re-issued.
- xii) Purchase Undertaking The Obligor shall give an undertaking pursuant to which the Obligor shall purchase the Portfolio Units from the Issuer at the Exercise Price (as described below) upon the Maturity Date or the Dissolution Date.
- The Exercise Price shall be calculated based on the following formula:
- 1) On the Maturity Date:
    - (i) in the case of Islamic Securities without Periodic Distributions:  
  
Exercise Price = Musyarakah Capital *plus* Expected Return *less* One-off Distribution
    - (ii) in the case of Islamic Securities with Periodic Distributions:  
  
Exercise Price = Musyarakah Capital *plus* Expected Return *less* total Periodic Distributions
  - 2) On the declaration of a Dissolution Event:

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- (i) in the case of Islamic Securities without Periodic Distributions:

Exercise Price = Musyarakah Capital *plus* Expected Return *less* One-off Distribution made and received and to be adjusted to be equivalent to the accreted value up to the date of declaration of a Dissolution Event and shall be in accordance with MyClear Rules and Procedures

- (ii) in the case of Islamic Securities with Periodic Distributions:

Exercise Price = Musyarakah Capital *plus* Expected Return *less* total Periodic Distributions made and received and to be adjusted to be equivalent to the accreted value plus accrued but unpaid Periodic Distributions (if any) up to the date of declaration of a Dissolution Event and shall be in accordance with MyClear Rules and Procedures

On any payment of the Exercise Price, the Obligor will be entitled to set-off the Exercise Price with any payment made by the Obligor to make good the difference between the income from the Musyarakah Venture and the Expected Periodic Distribution or the One-off Distribution, as set out under Periodic Distribution/One-off Distribution above.

- xiii) Status

The Islamic Securities constitute undivided beneficial interest in the Musyarakah Venture in respect of the relevant series and shall at all times rank *pari passu* and rateably, without discrimination, preference or priority amongst themselves subject to priorities or rights preferred by law.

- xiv) Taxation

All payments by the Issuer or the Obligor 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 or the Obligor shall be

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- 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.
- xv) Profit and loss sharing between the Islamic Securities holders      The Islamic Securities holders shall share the profit and losses from each Musyarakah Venture in proportion to each Islamic Securities holder's Musyarakah Capital.
- xvi) Compensation (Ta'widh)      In the event of any overdue payments of any amounts due under the Purchase Undertaking, the Obligor shall pay to the Trustee for the benefit of the Islamic Securities holders compensation on such overdue amounts at an amount and manner prescribed by the SC's Shariah Advisory Council in accordance with Shariah principles.
- xvii) Jurisdiction      The Issuer/Khazanah shall unconditionally and irrevocably submit to the exclusive jurisdictions of the courts of Malaysia.
- xviii) Issue price      The Islamic Securities shall be issued at par or at a discount and the issue price shall be calculated in accordance with the MyClear Rules and Procedures.
- xix) Other conditions      The Islamic Securities shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM, Bursa Malaysia Securities Berhad in relation to Chapter 4B of the Main Market Listing Requirements and/or any other authority in Malaysia having jurisdiction over matters pertaining to the Islamic Securities, and the MyClear Rules and Procedures.

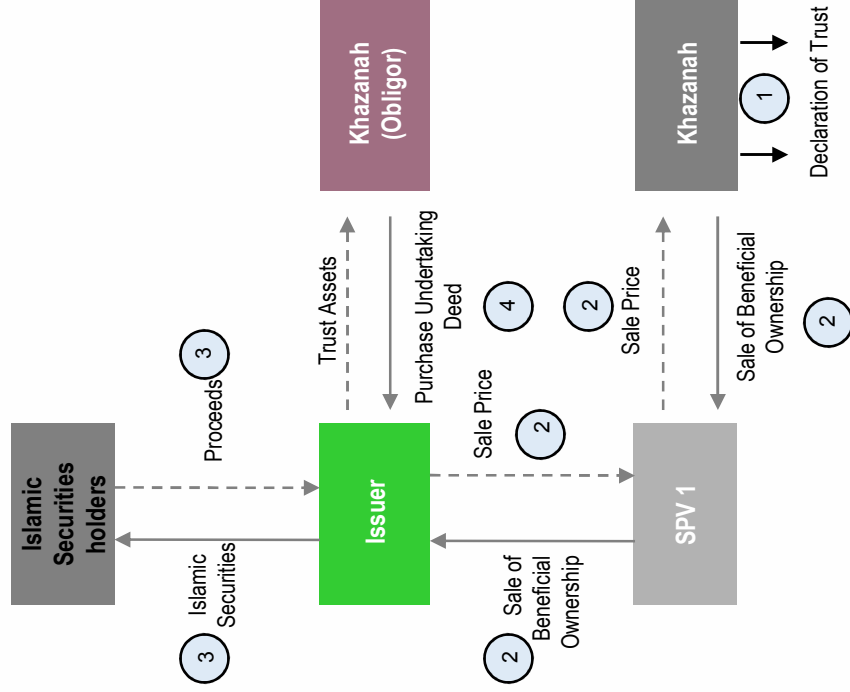
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Annexure 1

# Annexure 1 - Proposed Islamic Structure



- 1) Khazanah (as Obligor) declares a trust on a portfolio of Shariah-compliant shares or assets ("Portfolio") to be held by Khazanah as the Portfolio Trustee for the benefit of the holders of units ("Portfolio Units") in the Portfolio. On the date of such declaration of trust, Khazanah shall be the holder of all the Portfolio Units.
- 2) For each issue of Islamic Securities, Khazanah shall sell certain Portfolio Units to SPV 1 (an independent, orphan special purpose company) that in turn, shall sell the Portfolio Units to an independent, orphan special purpose company ("Issuer").
- 3) The Issuer declares a trust over the Portfolio Units and any other assets that may be specified ("Trust Assets") and issues the Islamic securities (the "Islamic Securities holders") which evidence the interests of holders of the Islamic Securities ("Islamic Securities holders") in the Trust Assets. The Sukukholders shall, from time to time, form a partnership amongst themselves, to invest in the Portfolio Units ("Musyarakah Venture").
- 4) Khazanah will enter into a Purchase Undertaking Deed whereby Khazanah undertakes to purchase the Portfolio Units from the Issuer, upon the occurrence of certain events at a price equal to the Exercise Price based on a certain formula.
- 5) In respect of Islamic Securities with periodic distributions, income from the Musyarakah Venture up to an amount equal to a certain percentage on the face amount of the Islamic Securities per annum, calculated on the basis of the actual number of days in the relevant period ("Expected Periodic Distribution") shall be distributed periodically in the form of periodic distribution ("Periodic Distribution"). The Periodic Distribution shall be made semi-annually or such other period to be agreed in each year (each such date for distribution, a "Periodic Distribution Date") or, if applicable, upon the declaration of a Dissolution Event. Should the income generated from the Musyarakah Venture fall short of the Expected Periodic Distribution on any Periodic Distribution Date, the Obligor shall make good the difference, the amount of which will be set-off against the Exercise Price payable upon the maturity date ("Maturity Date") or the date of a Dissolution Event ("Dissolution Date").
- 6) In respect of Islamic Securities without Periodic Distribution, income from the Musyarakah Venture of up to the Expected Return (yield) shall be distributed on a one-off basis upon the Maturity Date or the Dissolution Date ("One-off Distribution"). Should the income generated from the Musyarakah Venture fall short of the Expected Return, the Obligor shall make good the difference, the amount of which will be set-off against the Exercise Price payable upon the Maturity Date or the Dissolution Date.