

**GUAN CHONG BERHAD
PROPOSED ISLAMIC MEDIUM TERM NOTES (“SUKUK WAKALAH”) PROGRAMME OF UP TO
RM800.0 MILLION IN NOMINAL VALUE BASED ON THE SHARIAH PRINCIPLE OF WAKALAH BI AL-
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(33) Other terms and conditions

- (i) Identified Asset** : The commodities to be transacted under the Commodity Murabahah Investment shall be Shariah-compliant commodities which include but 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 provided through the Commodity Supplier (**“Shariah-compliant Commodities”**).

The Trust Assets shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments (which shall comprise investment in the Shariah-compliant Business and the Commodity Murabahah Investment) and (iii) the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents.

- (ii) Purchase and selling price/rental (where applicable)** : In respect of the Commodity Murabahah Investment, the **“Commodity Purchase Price”** shall be determined based on the remaining balance of the Sukuk Proceeds and shall comply with the asset pricing requirements of the SAC of SC stipulated under the ICMPS Guidelines.

“Deferred Sale Price” is defined as a sale price equivalent to the aggregate of (i) the Commodity Purchase Price; and (ii) the profit margin, payable on a deferred payment basis.

For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate Expected Periodic Distribution Amount, if applicable, and the nominal value of the Sukuk Wakalah.

“Discounted Amount” means in the case of Sukuk Wakalah issued at a discount, the difference between the nominal value and the issuance proceeds of the relevant Sukuk Wakalah.

The Commodity Purchase Price and the Deferred Sale Price shall be determined prior to the issuance of the Sukuk Wakalah under the Sukuk Wakalah Programme.

- (iii) Dissolution Distribution Amount**

Dissolution Distribution Amount:

On the Scheduled Dissolution Date:

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(a) in the case of Sukuk Wakalah with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Wakalah; plus
- (ii) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Scheduled Dissolution Date.

(b) in the case of Sukuk Wakalah without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to the nominal value of the Sukuk Wakalah.

On the Dissolution Declaration Date:

(a) in the case of Sukuk Wakalah with Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to:

- (i) the nominal value of the Sukuk Wakalah; plus
- (ii) the accrued but unpaid Expected Periodic Distribution Amount (if any), accrued up to the Dissolution Declaration Date.

(b) in the case of Sukuk Wakalah without Periodic Distributions

The Dissolution Distribution Amount shall be equivalent to the accreted value of the Sukuk Wakalah.

Upon Early Redemption:

The Dissolution Distribution Amount shall be mutually agreed to prior to such early redemption.

- (iv) **Profit/coupon/rental rate** : The Sukuk Wakalah may be issued with or without Periodic Distributions.

Not applicable for Sukuk Wakalah without Periodic Distributions

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For Sukuk Wakalah with Periodic Distributions, the expected periodic distribution rate (“**Periodic Distribution Rate**”) on a fixed rate basis shall be determined prior to each issuance of Sukuk Wakalah.

The “**Expected Periodic Distribution Amount**” on any relevant Periodic Distribution Date is calculated at the Periodic Distribution Rate on the nominal value of the relevant tranche of the Sukuk Wakalah based on the Periodic Distribution Basis (as defined in the section entitled “*Other terms and conditions - Profit/coupon/rental payment basis*” below).

- (v) **Profit coupon/rental payment frequency** : For Sukuk Wakalah with Periodic Distributions, the payment frequency of the Periodic Distributions shall be semi-annual in arrears with the first Periodic Distribution to be made six (6) months from the issue date of the Sukuk Wakalah and the last Periodic Distribution for each Series of the Sukuk Wakalah to be made on the maturity date of such Series (“**Periodic Distribution Date**”).

Not applicable for Sukuk Wakalah without Periodic Distributions.

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

Not applicable for Sukuk Wakalah without Periodic Distributions.

- (vii) **Details on utilisation of proceeds by Issuer** : The proceeds from the Sukuk Wakalah issued under the Sukuk Wakalah Programme shall be utilised for Shariah-compliant purposes and the Sukuk Wakalah proceeds shall be utilised by the Issuer:

(i) to finance its general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes and/or to provide advance via Shariah-compliant manner to its subsidiaries for general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes; and

(ii) to defray expenses in relation to the Sukuk Wakalah Programme.

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- (viii) Upsizing of a sukuk programme** : The Issuer has the option to upsize the limit of the Sukuk Wakalah Programme from time to time subject to the following being fulfilled prior to the exercise of the option to upsize by the Issuer:
- (i) the upsizing will not result in any adverse impact on the rating of the Sukuk Wakalah under the Sukuk Wakalah Programme;
 - (ii) all information and documents have been submitted for a new lodgement with the SC for the upsizing of the Sukuk Wakalah Programme and the compliance with the relevant requirements under the LOLA Guidelines and the ICMPs Guidelines in relation to such upsizing;
 - (iii) the relevant regulatory approvals (if applicable) and necessary corporate authorisations of the Issuer being obtained; and
 - (iv) if applicable, execution of documentation to evidence the upsizing of the Sukuk Wakalah Programme,
- and the Sukukholders shall be deemed to have consented to such upsizing of the limit of the Sukuk Wakalah Programme in the Trust Deed. No consent is required from the Sukuk Trustee, the Facility Agent and any other party under the Sukuk Wakalah Programme when the upsizing of the limit of the Sukuk Wakalah Programme is exercised by the Issuer.
- (ix) Listing status and types of listing, where applicable** : The Sukuk Wakalah may be listed on Bursa Malaysia Securities Berhad (under an Exempt Regime (as defined in the Listing Requirements)).
- (x) Status** : The Sukuk Wakalah, pursuant to the relevant Transaction Documents, 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, subject to those preferred by law and the Transaction Documents.
- (xi) Form and Denomination** : The Sukuk Wakalah shall be issued in accordance with:

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- (a) the Participation and Operation Rules for Payments and Securities Services issued by PayNet; and
- (b) the Operational Procedures for Securities Services issued by PayNet, as amended or replaced from time to time,

(collectively, “**PayNet Rules and Procedures**”).

Form

The Sukuk Wakalah shall be represented by a global certificate to be deposited with BNM and may be exchanged for definitive bearer form only in certain limited circumstances.

Denomination

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

(xii) Issue : The Sukuk Wakalah may be issued in multiples of RM1,000.00 but subject to the PayNet Rules and Procedures and other standard conditions including, without limitation, the following:

- (1) a minimum issue size of RM10,000,000.00 for each issue; and
- (2) the issue notice shall be given to the Facility Agent at least seven (7) business days (for the first issue) or five (5) business days (for subsequent issues) prior to and excluding the date of proposed issue, or such shorter period to be agreed by the Facility Agent.

(xiii) Issue Tenure : Each Sukuk Wakalah shall have a tenure of more than one (1) year and up to twenty (20) years.

The Sukuk Wakalah shall have a tenure of at least one (1) year, as may be determined by the Issuer prior to each issuance, provided that no Sukuk Wakalah shall mature after the expiry of the Sukuk Wakalah Programme.

(xiv) Permitted Security Interest : In the case of the Issuer:

- (a) any Security Interest created to secure the Sukuk Wakalah pursuant to the Transaction Documents;

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- (b) any Security Interest created pursuant to the Issuer’s existing secured credit facilities as disclosed prior to the date of the Transaction Documents;
 - (c) any Security Interest created in connection with liens or right of set off arising in the ordinary course of business by operation of law and not by way of contract; and
 - (d) any Security Interest created with the prior written consent of the Sukuk Trustee (acting upon the instructions of the Sukukholders).
- (xv) **Transaction Documents** : The Transaction Documents in respect of the Sukuk Wakalah Programme shall include the following documents:
- (i) the Programme Agreement;
 - (ii) the Trust Deed;
 - (iii) the Security Documents;
 - (iv) the Securities Lodgement Form;
 - (v) the relevant Islamic transaction documents as may be advised by the Solicitors and the Shariah Adviser; and
 - (vi) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the Sukuk Wakalah Programme and the Sukuk Wakalah, including any supplemental document(s) thereof,
- and references to a “**Transaction Document**” shall mean each or any one of them.
- (xvi) **Sukuk Trustees’ Reimbursement Account for Sukukholders’ Actions (“TRA”)** : The Sukuk Trustee (on behalf of the Issuer) shall open and maintain a Shariah-compliant TRA with an Islamic bank to be appointed by the Issuer which is acceptable to the Sukuk Trustee with a sum of RM30,000.00.
- The TRA shall be operated by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of a Dissolution Event or enforcement events in the manner as

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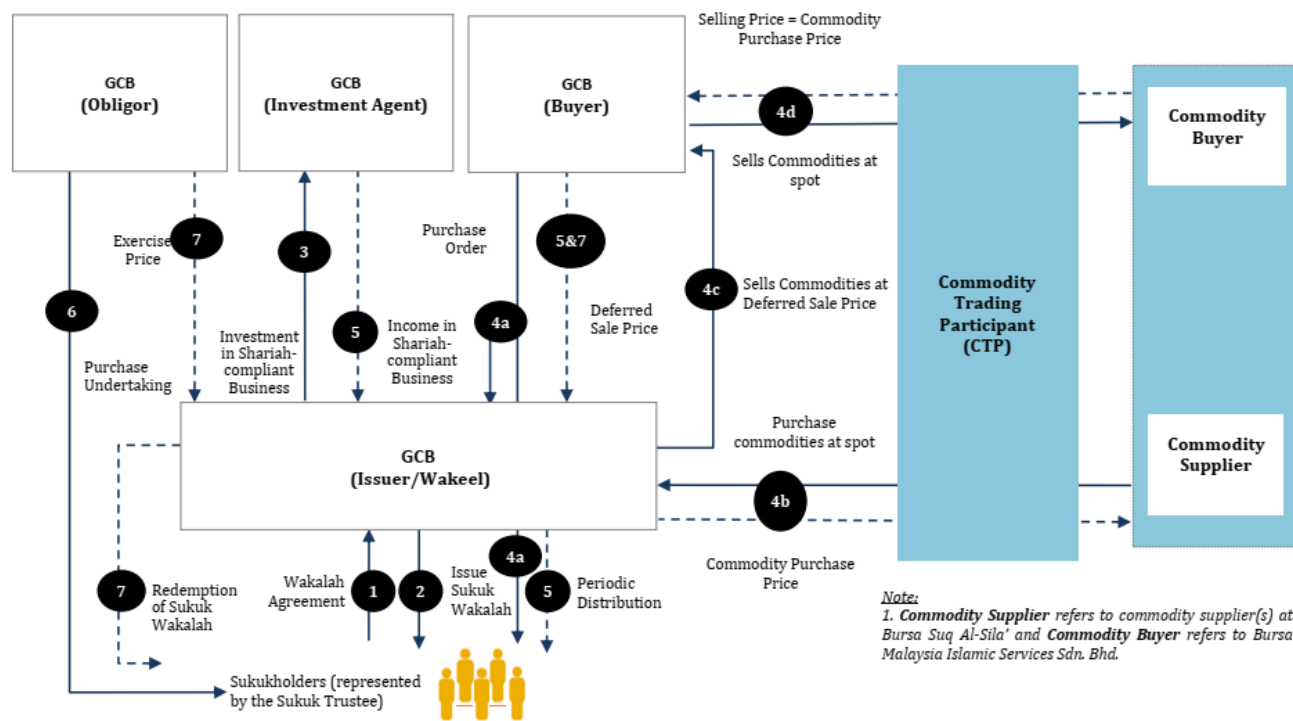
provided in the Trust Deed. This sum of money shall be maintained in the TRA at all times throughout the tenure of the Sukuk Wakalah Programme.

The monies in the TRA may be invested in Permitted Investments, Islamic based account, Shariah-compliant instruments or Shariah-compliant securities in the manner prescribed in the Trust Deed, with any income from such investment to be accrued to the Issuer. These monies shall be returned to the Issuer upon full redemption of the Sukuk Wakalah if no Dissolution Event or enforcement takes place under the Sukuk Wakalah Programme.

- (xvii) Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
- (xviii) No Payment of Interest** : For the avoidance of doubt and notwithstanding any other provision to the contrary herein contained, it is agreed and declared that nothing in this principal terms and conditions and the Transaction Documents shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to the principal terms and conditions of the Sukuk Wakalah or the Transaction Documents and the parties hereby expressly waive and reject any entitlement to recover such interest.
- (xix) Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
- (xx) Other Conditions** : The Sukuk Wakalah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, and/or BNM or their successors in title having jurisdiction over matters pertaining to the Sukuk Wakalah.

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**TRANSACTION DIAGRAM AND EXPLANATORY NOTES FOR THE SUKUK WAKALAH
 TRANSACTION PURSUANT TO THE SUKUK WAKALAH PROGRAMME**



<p>Step 1</p>	<p>Pursuant to a Wakalah agreement (“Wakalah Agreement”) entered into between the Sukuk Trustee (acting on behalf of the investors of the Sukuk Wakalah (“Sukukholders”)) and GCB, the Sukuk Trustee (acting on behalf of the Sukukholders) shall appoint GCB to act as its agent (“Wakeel”) to perform services which will include investing the Sukuk Proceeds (as defined below) into the Wakalah Investments (as defined below) and manage it.</p>
<p>Step 2</p>	<p>GCB shall, from time to time, issue the Sukuk Wakalah and the Sukukholders shall subscribe to the Sukuk Wakalah by paying the issue proceeds (“Sukuk Proceeds”).</p> <p>GCB, in its capacity as the Wakeel, shall declare a trust over the Trust Assets (as defined below) for the benefit of the Sukukholders. The Sukuk Wakalah shall represent the Sukukholders’ undivided and proportionate beneficial interest in the Trust Assets. The “Trust Assets” shall comprise of (i) Sukuk Proceeds, (ii) the Wakalah Investments and (iii) the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents.</p> <p>The Wakeel shall invest the Sukuk Proceeds received from the Sukukholders into the relevant investment portfolio which shall comprise of:</p>

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	<p>(i) Shariah-compliant general business of GCB (“Shariah-compliant Business”). The investment will be in the whole of the Shariah-compliant general business of GCB; and</p> <p>(ii) Shariah-compliant commodities (“Shariah-compliant Commodities”) purchased and sold under the Shariah principle of Murabahah (“Commodity Murabahah Investment”).</p> <p>The investments described in items (i) and (ii) above shall collectively be referred to as the “Wakalah Investments”.</p>
<p>Step 3</p>	<p><u>Shariah-compliant Business</u></p> <p>Pursuant to an investment agreement between the Wakeel and GCB, as the investment agent (“Investment Agent”), the Wakeel shall invest part of the Sukuk Proceeds into the Shariah-compliant Business. The ownership of the identified Shariah-compliant Business allocated for the relevant Wakalah Investments shall be based on pro rata basis which refers to joint ownership over an asset or business on undivided and proportionate basis. Thus, entitling the Sukukholder(s) to the share of income in the identified Shariah-compliant Business based on their proportionate ownership. The Shariah-compliant Business shall be managed by the Investment Agent. The value of the Shariah-compliant Business should be at least 33% of the aggregate value of the Wakalah Investments, subject to the valuation principles set out in the Wakalah Agreement. The value attributable to the Wakalah Investments is the aggregate of the value of the Shariah-compliant Business and the Commodity Murabahah Investment.</p> <p>For the avoidance of doubt, the above ratio of at least 33% of the value of the Wakalah Investments is only applicable at the point of initial investment for each tranche of the respective Sukuk Wakalah and does not need to be maintained throughout the tenure of the Sukuk Wakalah. However, the Wakeel shall ensure that (i) the Shariah-compliant Business shall at all times be a component of the Wakalah Investments, and (ii) the Sukukholders shall via the trust deed provide their upfront consent to the Issuer to create further trusts over the Shariah-compliant Business (“Future Trusts”) to facilitate any transactions undertaken in connection with any proposed Islamic financing facilities to be obtained by the Issuer, so long as the interest in the Future Trusts do not overlap with the interest of the Sukukholders in the Shariah-compliant Business under the Wakalah Investments.</p>
<p>Step 4</p>	<p><u>Commodity Murabahah Investment</u></p> <p>The remaining balance of the Sukuk Proceeds shall be invested into the Commodity Murabahah Investment.</p> <p>The Commodity Murabahah Investment shall be effected as follows:</p> <p>(a) Pursuant to a commodity Murabahah master agreement between GCB as the buyer (“Buyer”), the Wakeel and the Sukuk Trustee, the Buyer shall issue a</p>

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	<p>purchase order (“Purchase Order”) to the Wakeel and the Sukuk Trustee (both acting on behalf of the Sukukholders) with an irrevocable and unconditional undertaking to purchase the Shariah-compliant Commodities from the Sukukholders at the Deferred Sale Price (as defined below).</p> <p>(b) Pursuant to the Purchase Order, the Wakeel (on behalf of the Sukukholders) via the commodity trading participant (“CTP”) will purchase the Shariah-compliant Commodities on spot basis from a commodity supplier in the Bursa Suq Al-Sila’ commodity trading platform or such other independent commodity broker acceptable to the Shariah Adviser (“Commodity Supplier”) at a purchase price equivalent to the remaining balance of the Sukuk Proceeds (“Commodity Purchase Price”).</p> <p>(c) Upon acquiring the Shariah-compliant Commodities, the Wakeel (on behalf of the Sukukholders) will thereafter sell those Shariah-compliant Commodities to the Buyer for a price equivalent to the Commodity Purchase Price plus the profit margin and shall be payable on deferred payment basis (“Deferred Sale Price”). For the avoidance of doubt, the Deferred Sale Price shall be an amount equal to the aggregate of the Expected Periodic Distribution Amount, if any, and the nominal value of the relevant Sukuk Wakalah.</p> <p>(d) Upon the purchase of the Shariah-compliant Commodities, the Buyer via the CTP, will immediately sell the Shariah-compliant Commodities to Bursa Malaysia Islamic Services Sdn. Bhd. or such other independent commodity broker acceptable to the Shariah Adviser on spot basis for cash, equivalent to the Commodity Purchase Price.</p>
<p>Step 5</p>	<p>In respect of Sukuk Wakalah with Periodic Distributions (as defined herein), returns generated from the Wakalah Investments (including part payment of the Deferred Sale Price) up to the Expected Periodic Distribution Amount shall be distributed to the Sukukholders periodically in the form of periodic distributions on each Periodic Distribution Date (“Periodic Distributions”).</p> <p>In respect of Sukuk Wakalah without Periodic Distributions, returns generated from the Wakalah Investments up to the expected one-off distribution amount which shall be equal to the difference between the nominal value and the Sukuk Proceeds of the Sukuk Wakalah shall be distributed to the Sukukholders on a one-off basis upon the maturity date (“Scheduled Dissolution Date”) or upon the declaration that a Dissolution Event has occurred (“Dissolution Declaration Date”).</p> <p>On (i) each Periodic Distribution Date; (ii) the Scheduled Dissolution Date; or (iii) the Dissolution Declaration Date; as the case may be, any returns from the Wakalah Investments in excess of the Expected Periodic Distribution Amount distributable under the relevant tranche of Sukuk Wakalah shall be waived by the Sukukholders and retained by GCB as an incentive fee for its services as Wakeel in managing the Wakalah Investments.</p>

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<p>Step 6</p>	<p>GCB (as the Obligor) shall issue a purchase undertaking (“Purchase Undertaking”) to the Sukuk Trustee (for the benefit of the Sukukholders), whereby on a Scheduled Dissolution Date or the Dissolution Declaration Date whichever is the earlier, the Obligor shall purchase the Shariah-compliant Business at the Exercise Price (as defined below) by entering into the Sale Agreement.</p> <p>The Sukuk Trustee (for the benefit of the Sukukholders) shall issue a sale undertaking (“Sale Undertaking”) in favour of GCB under which the Sukuk Trustee shall sell the Shariah-compliant Business to GCB as Issuer upon early redemption at the Exercise Price and enter into a sale agreement for such sale.</p> <p>The “Exercise Price” for the purchase of the Shariah-compliant Business shall be the market value or fair value of the Shariah-compliant Business determined based on the valuation principles set out in the Wakalah Agreement, at the relevant Scheduled Dissolution Date(s), the Dissolution Declaration Date or early redemption, as the case may be.</p>
<p>Step 7</p>	<p>Proceeds of the Wakalah Investments being the Exercise Price, the Deferred Sale Price (subject to any Ibra’ if applicable) and any returns generated from the Wakalah Investments shall be utilised to redeem the Sukuk Wakalah at the Dissolution Distribution Amount, on the Scheduled Dissolution Date, the Dissolution Declaration Date or early redemption, as the case may be. Any excess in respect of proceeds of the Wakalah Investments thereof shall be waived by the Sukukholders and retained by the Wakeel as incentive fee.</p> <p>Upon full payment of all amounts due and payable under the Sukuk Wakalah, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Sukuk Wakalah held by the Sukukholders will be cancelled.</p>